As filed with the Securities and Exchange Commission on November 20, 2017.

Registration No. 333-221472

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

AMENDMENT NO. 1
TO
FORM F-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

ENTERA BIO LTD.

(Exact Name of Registrant as Specified in its Charter)

State of Israel	**2836**	**Not Applicable**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Entera Bio Ltd.
Kiryat Hadassah
Minrav Building - Fifth Floor
Jerusalem 9112002
Israel
+972 (2) 532-7151

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Cogency Global Inc.
10 E 40th Street, 10th Floor
New York, New York 10016
+1 (800) 221-0102

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after effectiveness of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

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 7(a)(2)(B) of the Securities Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price[(1)(2)]	Amount of Registration Fee [(3)]
Ordinary shares, par value NIS 0.01 per share	$50,000,000	$6,225.00

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.

(2) Includes additional ordinary shares the underwriters have the option to purchase.

(3) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This registration statement contains two forms of prospectus, as set forth below.

- *Public Offering Prospectus*. A prospectus to be used for the initial public offering by Entera Bio Ltd. of $ of ordinary shares (and an additional $ of ordinary shares which may be sold upon exercise of the underwriters' over-allotment option) through the underwriters named on the cover page of the Public Offering Prospectus; and

- *Selling Stockholder Resale Prospectus*. A prospectus to be used in connection with the potential resale by certain selling stockholders of our ordinary shares previously issued.

The Public Offering Prospectus and the Selling Stockholder Resale Prospectus will be substantively identical in all respects except for the following principal points:

- they contain different front covers;

- all references in the Public Offering Prospectus to “this offering” or “this initial public offering” will be changed to “the IPO,” defined as the underwritten initial public offering of our ordinary shares, in the Selling Stockholders Resale Prospectus;

- all references in the Public Offering Prospectus to “underwriters” will be changed to “underwriters of the IPO” in the Selling Stockholders Resale Prospectus;

- they contain different Use of Proceeds sections;

- a “Shares Registered for Resale” section is included in the Selling Stockholder Resale Prospectus;

- a “Selling Stockholders” section is included in the Selling Stockholder Resale Prospectus;

- the section “Summary—The Offering” from the Public Offering Prospectus is deleted from the Selling Stockholder Resale Prospectus;

- the section “Shares Eligible For Future Sale—Selling Stockholder Resale Prospectus” from the Public Offering Prospectus is deleted from the Selling Stockholder Resale Prospectus;

- the Underwriting section from the Public Offering Prospectus is deleted from the Selling Stockholder Resale Prospectus and a Plan of Distribution section is inserted in its place;

- the Legal Matters section in the Selling Stockholder Resale Prospectus deletes the reference to counsel for the underwriters; and

- they contain different back covers.

We have included in this registration statement, after the financial statements, a set of alternate pages to reflect the foregoing differences between the Public Offering Prospectus and the Selling Stockholder Resale Prospectus.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)
Dated , 2017

ORDINARY SHARES

Entera Bio Ltd. is offering ordinary shares. This is our initial public offering and no public market exists for our shares. We anticipate that the initial public offering price will be between $ and $ per ordinary share.

We have applied to list our ordinary shares on the NASDAQ Capital Market under the symbol "ENTX".

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act and will therefore be subject to reduced reporting requirements.

Investing in our ordinary shares involves risks. See "Risk Factors" beginning on page 15.

PRICE $ **PER ORDINARY SHARE**

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Company(1)
Per ordinary share	$	$	$
Total	$	$	$

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(1) We have agreed to reimburse the underwriter for certain expenses. See "Underwriting" for additional information regarding underwriting compensation.

Entera Bio Ltd. has granted the underwriters the right to purchase up to an additional ordinary shares to cover over-allotments, if any, at the initial public offering price less the underwriting discounts and commissions payable by us, for 30 days after the date of this prospectus.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ordinary shares to purchasers on , 2017.

Oppenheimer & Co.

, 2017

TABLE OF CONTENTS

Neither we nor the underwriters have authorized anyone to provide information other than that contained in this prospectus, any amendment or supplement to this prospectus or in any free writing prospectus prepared by us or on our behalf. Neither we nor the underwriters take any responsibility for, and can provide no assurance as to the reliability of, any information other than the information in this prospectus, any amendment or supplement to this prospectus and any free writing prospectus prepared by us or on our behalf. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of the time of delivery of this prospectus or any sale of our ordinary shares. This prospectus is not an offer to sell or the solicitation of an offer to buy these ordinary shares in any circumstances under which such offer or solicitation is unlawful.

We have not taken any action to permit a public offering of the ordinary shares outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the ordinary shares and the distribution of this prospectus outside of the United States.

PRESENTATION OF FINANCIAL INFORMATION

We report under International Financial Reporting Standards as issued by the International Accounting Standards Board (the "IFRS" and 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 prospectus. 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 ("the functional currency"). Our financial statements and other financial information included in this prospectus are presented in U.S. dollars unless otherwise noted. See Note 2 to our financial statements included elsewhere in this prospectus.

Unless otherwise indicated or the context otherwise requires, references in this prospectus to "NIS" are to the legal currency of Israel, "U.S. dollars," "$" or "dollars" are to United States dollars, "euro" or "€" are to the Euro, the legal currency of certain countries of the European Union.

MARKET AND INDUSTRY DATA

This prospectus includes market and industry data and forecasts that we obtained from publicly available information and independent industry publications and reports that we believe to be reliable sources. These publicly available industry publications and reports generally state that they obtain their information from sources that they believe to be reliable, but they do not guarantee the accuracy or completeness of the information. Certain estimates and forecasts involve uncertainties and risks and are subject to change based on various factors, including those discussed under the headings "Special Note Regarding Forward-Looking Statements" and "Risk Factors" in this prospectus.

SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our ordinary shares. You should read this entire prospectus carefully, including the "Risk Factors" section and the financial statements included elsewhere in this prospectus and the notes to those financial statements, before making an investment decision. In this prospectus, the terms "Entera," "we," "us," "our," "the Company" and "our company" refer to Entera Bio Ltd.

Our Business

We are a clinical-stage biopharmaceutical company focused on the development and commercialization of orally delivered large molecule therapeutics for use in orphan indications and other areas with significant unmet medical need. We are initially applying our technology to develop an oral formulation of parathyroid hormone, or PTH, which has been approved in the United States in injectable form for over a decade. Our lead oral PTH product candidate, EB612, has successfully completed a Phase 2a trial for hypoparathyroidism, a rare condition in which the body fails to produce sufficient amounts of PTH. The U.S. Food and Drug Administration, or FDA, and the European Medicines Agency, or EMA, have granted EB612 orphan drug designation for the treatment of hypoparathyroidism. We expect to initiate a Phase 2b/3 clinical trial of EB612 in the third quarter of 2018, and we plan to submit applications for regulatory approval of EB612 in the first half of 2020.

Hypoparathyroidism is a rare condition in which the body does not produce sufficient amounts of PTH, or the PTH produced lacks biologic activity. Individuals with a deficiency of PTH typically exhibit abnormally low levels of calcium in the blood, or hypocalcemia, and high levels of phosphorus, or hyperphosphatemia. Hypoparathyroidism is estimated to affect approximately 58,700 insured individuals in the United States. Historically, the treatments for hypoparathyroidism have been calcium supplements, vitamin D supplements and phosphate binders, the chronic use of which results in serious side effects with significant costs to the healthcare system. Natpara®, a once-daily injectable form of PTH, has been approved for the treatment of hypoparathyroidism. Our lead product candidate, EB612, is delivered orally and can be administered in customized doses several times a day. Multiple dosing per day has been shown to more effectively treat the symptoms of hypoparathyroidism than a once-daily injection, thus reducing the serious side effects of supplement treatment and improving patient outcomes. Studies performed by researchers at the National Institutes of Health, or 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. In addition, we believe patients generally prefer oral drugs. For these reasons, we believe EB612 is clinically superior to existing therapies and has the potential to become the standard of care for hypoparathyroidism.

In the third quarter of 2015, we successfully completed our Phase 2a trial for EB612. The end points in the trial were met, and 17 subjects completed the four-month trial and reported no confirmed related serious or significant adverse events as defined by the study protocol. Although our Phase 2a trial involved a smaller number of patients, was conducted for a shorter duration and did not include an initial optimization period in comparison to the design of the pivotal trial used for regulatory approval of Natpara, the REPLACE study, our Phase 2a trial showed the potential for similar efficacy, a result that we plan to confirm by conducting a Phase 2b/3 trial, which will further evaluate the dosage, effectiveness and safety profile of EB612 in an expanded patient population at multiple trial sites. We believe that EB612 will have inherent advantages compared to injectable forms of PTH, including convenience of application, the fact that no special preparations are required and the fact that no restrictive storage conditions are necessary, except potentially for refrigeration. Additionally, based on the results of our preliminary study, we believe that EB612 will have an enhanced clinical profile as compared to Natpara, with an additional normalizing effect on elevated urinary calcium, as well as reduced side effects. If our preliminary results are borne out in additional trials, we believe this combination of advantages and long term clinical benefits will be very compelling to both patients and physicians.

Based on consultations with key opinion leaders in the hypoparathyroidism field who have reviewed our Phase 2a results and are familiar with the REPLACE study, we are planning for a Phase 2b/3 trial, designed to possibly be a pivotal study for registration. This Phase 2b/3 study will be designed to repeat the REPLACE study in virtually every aspect, as well as to achieve a reduction in urinary calcium.

We are also developing a distinct oral PTH product candidate, EB613, for the treatment of osteoporosis. Osteoporosis is a systemic skeletal disease characterized by low bone mass, deterioration of bone tissue and increased bone fragility and susceptibility to fracture. An estimated 10 million people in the United States have osteoporosis, and another approximately 43 million have low bone mass placing them at increased risk for osteoporosis. PTH plays a key role in the ongoing process of formation and degradation of bones. Forteo®, a once-daily injectable form of PTH, has been approved for the treatment of osteoporosis in the United States for over 10 years and is widely considered one of the most effective treatments due to its ability to build bone. Because our product candidate EB613 is delivered orally, we believe it will reduce the treatment burden on patients and lead to significantly higher patient and physician acceptance compared to an injectable form of PTH. We intend to commence a Phase 2a clinical trial of EB613 in the first half of 2018. After completing this trial, we intend to seek to collaborate with a strategic partner to further develop and commercialize EB613. We are also preparing to conduct a clinical trial of our oral PTH in non-union fractures, one indication within the field of bone healing.

Our product candidates utilize our proprietary technology for the oral delivery of large molecules. Drug development has shifted towards the use of peptides, proteins and other large molecules for the treatment of various diseases. Between 1993 and 2004, large-molecule clinical approval success rates have outpaced small molecules by about two-to-one. Large molecules have been particularly widely used in orphan indications. Oral drug delivery reduces the treatment burden on patients relative to injectable drugs and provides significantly more flexibility, both in size of dose and number of doses per day, than injectable drugs, which are frequently administered once per day by preset injection pen. However, peptides, proteins and other large molecule therapeutics can currently only be delivered via injections and other non-oral pathways because oral administration leads to poor absorption into the blood stream as well as enzymatic degradation within the gastrointestinal tract. Our proprietary oral drug delivery technology is designed to address both of these issues 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 also intend to use our technology as a platform for the oral delivery of other protein and large molecule therapeutics. We initially intend to focus on the development of products 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 approval pathways. We have conducted initial feasibility studies with a number of candidates and intend to commence clinical development for our next, non-PTH, product candidate by the end of 2018.

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

Program	Indication	Pre-Clinical	Phase I	Phase II	Phase III	Status
EB612 **PTH 1-34**	Hypoparathyroidism	Phase 2a complete				· Phase 2a complete · Pivotal Phase 2b/3 initiation expected 3Q18 · Topline Data expected 1H20
EB613 **PTH 1-34**	Osteoporosis	Phase 1 complete				· Phase 2a initiation expected 1H18
	Non-union fractures	Phase 1 complete				· Phase 2a initiation expected 1H18

We commenced operations in August 2010 after receiving startup financing in the form of $0.6 million in cash from D.N.A Biomedical Solutions Ltd. and a license from Oramed Ltd., a subsidiary of Oramed Pharmaceuticals, Inc., to certain patent rights relating to the oral administration of proteins. These previously licensed patent rights were assigned to us in 2011, subject to an exclusive, royalty-free license in specified fields under such patent rights that we granted to Oramed Ltd.

We subsequently advanced our oral PTH product candidates from preclinical studies in animals to a Phase 2a clinical trial of EB612 in hypoparathyroidism in less than five years.

While our operations are currently focused in our offices in Israel, we intend eventually to build a substantial U.S. presence to execute on our later stage development of our products, including clinical operations, regulatory operations, and commercialization.

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 need. The key elements of our strategy to achieve this goal are to:

- Advance our lead product candidate, EB612, through clinical development and into commercialization for the treatment of hypoparathyroidism;
- Produce supportive clinical data for our second product candidate, EB613, for the treatment of osteoporosis, before advancing into late-stage clinical trials;
- Leverage our expertise in the oral delivery of PTH to develop product candidates in additional indications;
- Improve the efficacy profile of large molecule therapeutics through the application of our proprietary oral delivery technology;
- Focus our development and commercialization efforts on indications with significant unmet medical need; and
- Initially develop products based on FDA-approved large molecule therapeutics.

Our Technology

Currently, peptides, proteins and other large molecule therapeutics can only be 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 nevertheless manage to attain only very low bioavailability (less than 1%). Orally-delivered large molecules with low systemic levels present high variability of dose exposure, both between patients and within the same patient at different times of administration since small changes in the level of absorption lead to significant changes in the bioavailability. Absorption variability is generally decreased as the drug bioavailability is increased.

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 Product Candidates

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 form of PTH that is comprised of only the first 34 amino acids, or PTH (1-34), can be used as a treatment for a number of indications, including hypoparathyroidism, osteoporosis and non-union fractures. An injectable form of PTH (1-34), marketed under the name Forteo, has been approved in the United States for more than 10 years and has been used by millions of patients for the treatment of osteoporosis. An injectable form of full length PTH (1-84), marketed under the name Natpara, has also been approved for the treatment of hypoparathyroidism. We are developing a number of distinct oral PTH (1-34) products, with significant differences in dose and pharmacokinetic, or PK, profile that can be used for a number of proposed indications. We believe that our oral PTH product candidates, if approved, have the potential to become the standard of care for patients with hypoparathyroidism, osteoporosis and non-union bone fractures.

EB612 for Hypoparathyroidism

Our lead product candidate, EB612, is an oral formulation of PTH (1-34). EB612 is a synthetic form of the first 34 amino acids of human PTH to which we have applied our proprietary technology for the oral delivery of large molecule therapeutics. In the third quarter of 2015, we successfully completed our Phase 2a trial. The end points in the trial were met, and 17 subjects completed the four-month trial and reported no serious or significant related adverse events as defined by the study protocol. Although our Phase 2a trial involved a smaller number of patients, was conducted for a shorter duration and did not include an initial optimization period in comparison to the design of the pivotal trial used for regulatory approval of Natpara, the REPLACE study, our Phase 2a trial showed the potential for similar efficacy, a result that we plan to confirm by conducting a Phase 2b/3 trial. We expect to initiate a Phase 2b/3 clinical trial of EB612 in the third quarter of 2018 and we plan to submit applications for regulatory approval of EB612 in the first half of 2020. The FDA and EMA have granted EB612 orphan drug designation for the treatment of hypoparathyroidism.

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. 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 system and central nervous system.

The prevalence of hypoparathyroidism is estimated to be 37 per 100,000 in the United States, with 78% of cases caused by surgery, 7% due to genetic disorder and 6% 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.

If a product receives the first FDA approval for the indication for which it has orphan designation, the product is entitled to orphan drug exclusivity, which 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. In January 2015, the FDA approved Natpara, an injectable form of PTH, for hypoparathyroidism, and awarded Natpara orphan drug exclusivity until January 23, 2022. In order for our biologics license application, or BLA, for EB612 to be approved by the FDA prior to this date, we will need to demonstrate that EB612 is clinically superior to Natpara in that it demonstrates greater effectiveness or safety than Natpara or that it otherwise makes a major contribution to patient care, which we believe we will be able to do.

EB613 for Osteoporosis

Osteoporosis

We are also developing a distinct oral PTH product candidate, EB613, for the treatment of osteoporosis. We are preparing a Phase 2a trial of EB613 in osteoporosis that we plan to conduct in Israel in the first half of 2018. We are also preparing an investigational new drug application, or IND, for a Phase 2 clinical trial of EB613 in osteoporosis that we plan to submit to the FDA in 2018. Prior to submission, we plan to solicit feedback from the FDA on our proposed clinical trial design.

Osteoporosis is a systemic skeletal disease characterized by low bone mass, deterioration of bone tissue and increased bone fragility and susceptibility to fracture. Osteoporosis often leads to loss of mobility, admission to nursing homes and dependence on caregivers. These debilitating effects of osteoporosis have substantial costs. The prevalence of osteoporosis is growing and, according to the National Osteoporosis Foundation, or NOF, is significantly under-recognized and under-treated in the population. While the aging of the population is a primary

driver of an increase in cases, osteoporosis is also increasing due to the use of drugs that induce bone loss, such as chronic use of glucocorticoids and aromatase inhibitors that are increasingly used for breast cancer and the hormone therapies used for prostate cancer.

The NOF has estimated that 10 million people in the United States have osteoporosis, and another approximately 43 million have low bone mass placing them at increased risk for osteoporosis. In addition, the NOF has estimated that osteoporosis is responsible for more than two million fractures in the United States each year resulting in an estimated $19 billion in costs annually. The NOF expects that the number of fractures in the United States 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.

Bone Healing / Non-union Fractures

We intend to investigate the efficacy of our oral PTH product candidates for non-union bone 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 non-union fractures and bone healing are non-chronic conditions, generally entailing three to six months of treatment, we believe the acceptance of oral PTH will be higher than other potential pharmacological alternatives. We believe we will be able to use the data generated with EB613 in Phase 1 clinical trials relating to osteoporosis to progress directly to a Phase 2a clinical trial of our oral PTH product candidates for non-union bone fractures.

Non-union fractures occur when the normal process of bone healing is interrupted and a fracture does not heal properly or does not heal at all. 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 cost vary from approximately $25,000 to $45,000.

Future Development of Orally Delivered Large Molecule Therapeutics

We intend to use our technology as a platform for the oral delivery of protein and other large molecule therapeutics. 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 first half of 2018. 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.

Recent Developments

In October 2017, we entered into a Series B preferred share purchase agreement with certain investors (together, the "Investors") for the sale of shares of our Series B preferred shares, at a price per share of $908.78, for an aggregate purchase price of $12.4 million (the "Series B Private Placement"). In connection with the Series B Private Placement, the Company issued and sold to the Investors 13,621 Series B preferred shares.

The Series B Private Placement qualified as a Qualified Financing and thus constituted a 2016 Triggering Event under the 2016 Convertible Loan agreement (as discussed further under "Management's Discussion and Analysis— Contractual Obligations and Commitments—2016 Convertible Loan"). As a result of the Series B Private Placement, the entire loan amount due to holders under the 2016 Convertible Loan agreement, together with all accrued interest, was converted into a total of 13,229 of our Series B-1 preferred shares at a price per share of $681.585. 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.

As a result of the Series B Private Placement, the 2016 Warrants (as discussed in "Description of Share Capital—2016 Warrants") that the Company previously issued in connection with the 2016 Convertible Loan became warrants to purchase our Series B preferred shares at an exercise price of $908.78.

In addition, as a result of the Series B Private Placement, the additional warrants (as discussed in "Description of Share Capital—Additional Warrants") that the Company previously issued in connection with the second amendment to the Centillion preferred share purchase agreement and the first amendment to the additional preferred share purchase agreements with the certain other preferred shareholders became warrants to purchase our Series B-1 preferred shares at an exercise price of $681.585.

Under the terms of the applicable agreements and pursuant to the IPO Transactions (as defined below), the Series B and B-1 preferred shares will be automatically converted into our ordinary shares, and the warrants to purchase Series B preferred shares will be automatically converted into warrants to purchase ordinary shares, upon the closing of this offering.

We refer to the Series B Private Placement and the conversion of the 2016 Convertible Loan and set of the final terms of the 2016 Warrants and the additional warrants as the "Recent Developments Transactions." For further information, see "Certain Relationships and Related Party Transactions—Preferred Share Purchases—Series B Private Placement."

Risk Factors

Investing in our ordinary shares involves risks. You should carefully consider the risks described in "Risk Factors" before making a decision to invest in our ordinary shares. If any of these risks actually occurs, our business, financial condition or results of operations would likely be materially adversely affected. In such case, the trading price of our ordinary shares would likely decline, and you may lose all or part of your investment. The following is a summary of some of the principal risks we face:

- our operation as a development stage company with limited operating history and a history of operating losses;
- our ability to develop and advance product candidates into, and successfully complete, clinical studies;
- uncertainty surrounding whether any of our product candidates will receive regulatory approval, which is necessary before they can be commercialized, including whether we will be able to demonstrate to regulators the clinical superiority of EB612 over Natpara, which is required to overcome Natpara's drug exclusivity;
- our competitive position, if EB612 is approved, especially with respect to Natpara, our key competitor for hypoparathyroidism treatment;
- our recurring losses from operations, which have raised substantial doubt regarding our ability to continue as a going concern absent access to sources of liquidity;
- our ability to use and expand our drug delivery technology to other product candidates;
- the pricing of and reimbursement for our product candidates, if approved;
- our being subject to ongoing regulatory obligations if our products secure regulatory approval and compliance therewith;

- our ability to develop sales, marketing and distribution infrastructure;
- our reliance on third parties to conduct our clinical trials and on third-party suppliers to supply or produce our product candidates;
- our ability to achieve market acceptance for our product candidates;
- our ability to obtain and maintain adequate intellectual property rights and adequately protect and enforce such rights;
- our ability to retain key personnel and recruit additional qualified personnel;
- our expectations regarding the use of proceeds from this offering;
- our ability to manage growth; and
- other risk factors discussed under "Risk Factors."

Corporate Information

Our legal and commercial name is Entera Bio Ltd. We were incorporated in Israel in September 2009. Our principal executive offices are located at Kiryat Hadassah, Minrav Building – Fifth Floor, Jerusalem 9112002, Israel and our telephone number is +972 (2) 532-7151. Our website address is www.enterabio.com. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus and is not incorporated by reference herein. We have included our website address in this prospectus solely for informational purposes.

All trademarks or service marks appearing in this prospectus are trademarks or service marks of others.

Implications of Being an "Emerging Growth Company" and a Foreign Private Issuer

We qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other burdens that are otherwise applicable generally to public companies. These provisions include:

- a requirement to have only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure in its initial registration statement;
- an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;
- an exemption from compliance with any requirement that the Public Company Accounting Oversight Board, or PCAOB, may adopt regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements; and
- to the extent that we no longer qualify as a foreign private issuer, (1) reduced disclosure about the company's executive compensation arrangements, and (2) exemptions from the requirements to obtain a non-binding advisory vote on executive compensation or a shareholder approval of any golden parachute arrangements.

We may take advantage of these provisions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than $1.07 billion in annual revenue, have more than $700 million in market value of our ordinary shares held by non-affiliates or issue more than $1.0 billion of non-convertible debt over a three-year period. We may choose to take advantage of some but not all of these reduced burdens.

In addition, the JOBS Act provides that an emerging growth company 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. Given that we currently report and expect to continue to report under IFRS as issued 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.

Upon consummation of this offering, we will report under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as a non-U.S. company with foreign private issuer, or FPI, status. Even after we no longer qualify as an emerging growth company, as long as we qualify as an FPI under the Exchange Act, we will be exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including:

- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time;
- the rules under the Exchange Act requiring the filing with the Securities and Exchange Commission, or 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; and
- Regulation Fair Disclosure, or Regulation FD, which regulates selective disclosures of material information by issuers.

We do, however, intend to make available to our shareholders quarterly reports containing unaudited financial information for each of the first three quarters of each fiscal year.

THE OFFERING

Ordinary shares offered by us	ordinary shares (or ordinary shares if the underwriters exercise in full their option to purchase additional ordinary shares)
Ordinary shares to be outstanding after this offering	ordinary shares (or ordinary shares if the underwriters exercise in full their option to purchase additional ordinary shares)
Over-allotment option	We have granted the underwriters a 30-day option to purchase up to an additional ordinary shares from us to cover over-allotments.
Use of Proceeds	We estimate that we will receive net proceeds of approximately $ million from our sale of ordinary shares in this offering, after deducting the estimated underwriting discount and the estimated offering expenses payable by us. This assumes an offering price of $ per share, which is the midpoint of the estimated offering price range on the cover page of this prospectus. We intend to use the net proceeds from this offering, together with cash and cash equivalents on hand, as follows: · approximately $ million to fund research and development expenses of our oral PTH candidate, EB612; · approximately $ million to fund research and development expenses of our oral PTH candidate, EB613; and · approximately $ million for working capital and general corporate purposes. See “Use of Proceeds.”
Dividend Policy	We have never paid or declared any cash dividends on our ordinary shares, and we do not anticipate paying any cash dividends on our ordinary shares in the foreseeable future. See “Dividend Policy.”
Risk Factors	See “Risk Factors” and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our ordinary shares.
Proposed Listing	We have applied to list our ordinary shares on the NASDAQ Capital Market under the symbol “ENTX”.

We have based the number of our ordinary shares to be outstanding immediately following this offering on ordinary shares outstanding as of November 15, 2017, excluding:

- ordinary shares issuable upon the exercise of options outstanding as of November 15, 2017, at a weighted average exercise price of $ per share; and
- ordinary shares reserved for future grants under the Entera Bio Ltd. Share Incentive Plan, or the Plan.

Unless we specifically state otherwise, this prospectus reflects and assumes:

- no exercise of the outstanding options described above or warrants described below;
- an initial public offering price of $ per share, which is the midpoint of the estimated offering price range on the cover page of this prospectus; and
- that the underwriters do not exercise their over-allotment option.

In addition, unless otherwise indicated, this prospectus reflects and assumes that a number of actions will be completed in connection with the closing of this offering, which we refer to as the "IPO Transactions." These actions include the following:

- the adoption of our Sixth Amended and Restated Articles of Association (the "amended Articles"), immediately upon the closing of this offering, to replace the current Articles;
- a -for- split of our ordinary shares that will be effected immediately following the pricing of this offering (except in our historical financial statements included in this prospectus);
- the automatic conversion of all of our issued and outstanding Series A preferred shares, par value NIS 0.01 per share, into of our ordinary shares upon the closing of this offering, as provided in our current Articles; the automatic conversion of all of our issued and outstanding Series B preferred shares, par value NIS 0.01 per share, into of our ordinary shares upon the closing of this offering, as provided in our current Articles; the automatic conversion of all of our issued and outstanding Series B-1 Preferred Shares, par value NIS 0.01 per share, into of our ordinary shares upon the closing of this offering, as provided in our current Articles;
- the automatic conversion of all outstanding convertible loans under the Convertible Financing Agreements to which we are a party into of our ordinary shares immediately prior to the closing of this offering, as described below in "Certain Relationships and Related Party Transactions";
- the issuance of the Series A preferred shares and warrants to purchase of our ordinary shares to be issued to certain holders of our Series A preferred shares upon the closing of this offering, as described below in "Certain Relationships and Related Party Transactions," and the conversion into of our ordinary shares of all such Series A preferred shares; and
- the automatic conversion of warrants to purchase of our Series A preferred shares, at an exercise price of $ per share, into warrants to purchase of our ordinary shares, at an exercise price of $ per share, the automatic conversion of warrants to purchase of our Series B preferred shares, at an exercise price of $ per share, into warrants to purchase of our ordinary shares, at an exercise price of $ per share; and the automatic conversion of warrants to purchase of our Series B-1 preferred shares, at an exercise price of $ per share, into warrants to purchase of our ordinary shares, at an exercise price of $ per share, all upon the closing of this offering, as described below in "Description of Share Capital—Warrants."

SUMMARY FINANCIAL DATA

The following tables set forth summary financial and other data. You should read the following summary financial and other data in conjunction with "Presentation of Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes included elsewhere in this prospectus. Historical results are not necessarily indicative of the results that may be expected in the future. Our financial statements have been prepared in accordance with IFRS as issued by the IASB.

The summary statements of comprehensive loss data for each of the nine month periods ended September 30, 2017 and 2016 and the statement of financial position data as of September 30, 2017 are derived from our unaudited condensed interim financial statements, each included elsewhere in this prospectus. The summary statements of comprehensive loss data for each of the years in the two-year period ended December 31, 2016 are derived from our audited financial statements included elsewhere in this prospectus.

	(unaudited) Nine Months Ended September 30,		(audited) Year Ended December 31,	
	2017	2016	2016	2015
	(In thousands, except shares and per share data)			
Statements of comprehensive loss:				
Research and development expenses	$ 1,686	$ 1,851	$ 2,648	$ 2,115
General and administrative expenses	5,267	2,296	2,719	1,586
Total operating loss	6,953	4,147	5,367	3,701
Financial (income) expenses:	403	(3,917)	(4,311)	447
(Income) loss from change in fair value of financial liabilities at fair value				
Other financial expenses, net	66	112	143	134
Financial (income) expenses, net	469	(3,805)	(4,168)	581
Net comprehensive loss	$ 7,422	$ 342	$ 1,199	$ 4,282
Loss per ordinary share (1)				
Basic	215	10	$ 35	$ 124
Diluted	220	91	$ 102	$ 124
Weighted average number of ordinary shares used in computing loss per share(1)				
Basic	34,544	34,396	34,409	34,396
Diluted	37,098	51,958	51,972	34,396
Pro forma loss per ordinary share (2) (unaudited)				
Basic				
Diluted				
Weighted average number of ordinary shares used in computing pro forma loss per share(2) (unaudited)				
Basic				
Diluted				

(1) Basic and diluted loss per ordinary share in 2015 are the same because the financial instruments as described in the financial statements are excluded from the calculation, since their effect was anti-dilutive. See Note 13 to our financial statements included elsewhere in this prospectus for further details on the calculation of basic and diluted loss per ordinary share.

(2) Pro forma basic and diluted loss per ordinary share gives effect to the assumed conversion of our outstanding convertible loans and preferred shares into ordinary shares upon the closing of this offering, including adjustment for the loss from the change in fair value of the convertible loans and preferred shares into ordinary shares, but not the exercise of any outstanding options or warrants, as though the conversion had occurred as of the beginning of the period or the original date of issuance, if later.

	(unaudited) As of September 30, 2017			
	Actual	Pro Forma(1)	Pro Forma as Adjusted(2)	Pro Forma as Further Adjusted(3)
	(In thousands)			
Statements of financial position data:				
Cash and cash equivalents	$ 2,899	$ 13,199	$	$
Restricted deposits	22	22		
Other current assets	430	430		
Total current assets	3,351	13,651		
Property and equipment	215	215		
Intangible assets	654	654		
Total assets	$ 4,220	$ 14,520	$	$
Accounts payable – Trade and other	1,003	1,003		
Receipts on account of sale of Series B preferred shares	1,575	-		
Short-term convertible loans	11,695	-		
Total current liabilities	14,273	1,003		
Long-term convertible loans	3,919	3,919		
Preferred shares	8,841	32,915		
Warrants to purchase preferred shares and shares	4,723	4,896		
Liability to issue preferred shares and warrants	1,044	1,044		
Severance pay obligations, net	56	56		
Total liabilities	$ 32,856	$ 43,833	$	$
Capital deficiency	$ (28,636)	$ (29,313)	$	$
Working capital (4)	$ (10,922)	$ 12,648	$	$

(1) Pro forma amounts give effect to the Recent Developments Transactions as described in “Summary—Recent Developments.”

(2) Pro forma as adjusted amounts give effect to the Recent Developments Transactions and IPO Transactions as described in “Summary—The Offering.”

(3) Pro forma as further adjusted amounts give effect to (a) the IPO Transactions (b) the Recent Developments Transactions and (c) our sale of ordinary shares at an assumed initial public offering price of $ per ordinary share, which is the midpoint of the estimated offering price range on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

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

RISK FACTORS

Any investment in our securities involves a high degree of risk. You should consider carefully the risks described below and all other information contained in this prospectus before you make a decision to invest in our ordinary shares. If any of the following risks actually occurs, our business, prospects, financial condition and results of operations could be materially and adversely affected. In that event, the trading price of our ordinary shares could decline, and you might lose all or part of your investment.

Risks Related to Our Financial Position and Need for Additional Capital

We are a research and development stage company with a history of operating losses and negative cash flow, and we may never achieve or maintain profitability.

We are a research and development stage company with no revenues from our research and development activities. Consequently, we have incurred net losses and negative cash flows since our inception in 2009, including operating losses of $4.1 million and $7.0 million for the nine months ended September 30, 2016 and 2017, respectively, and $3.7 million and $5.4 million for the years ended December 31, 2015 and 2016. As of September 30, 2017, we had an accumulated deficit of $38.0 million.

Our audited financial statements for the year ended December 31, 2016 and our unaudited condensed interim financial statements for the nine months ended September 30, 2017, each included elsewhere in this prospectus, note that there is substantial doubt about our ability to continue as a going concern, absent sources of additional liquidity. In October 2017, we raised $12.4 million from sales of our Series B preferred shares. In order to fund further operations, we may need to raise capital in addition to the net proceeds of this offering. We may seek these funds through a combination of private and 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. 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.

We currently have no product revenues and may not succeed in developing or commercializing any products that could generate revenues. We expect to continue to incur losses for the foreseeable future, and we expect these losses to increase as we continue our research and development of, and seek regulatory approvals for, our product candidates, prepare for and begin to commercialize any approved products, and add infrastructure and personnel to support our product development efforts and operations as a public company. In addition, development of our product candidates requires a process of preclinical and clinical testing, during which our products could fail. We may not be able to enter into agreements with one or more companies experienced in the manufacturing and marketing of therapeutic drugs and, to the extent that we are unable to do so, we will not be able to market our product candidates. Our eventual profitability will depend on our success in developing, manufacturing, and marketing our product candidates, and we cannot assure you that we will be able to achieve profitability in the future.

Because of the numerous risks and uncertainties associated 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. For example, our expenses could increase if we are required by the FDA, the EMA or other regulators to perform trials in addition to those that we currently expect to perform, or if there are any delays in completing our currently planned clinical trials or in the development of any of our product candidates.

To become and remain profitable, we must succeed in developing and commercializing products that generate significant market 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:

- completing research and clinical development of our product candidates;
- obtaining marketing approvals for our product candidates for which we complete clinical trials;
- developing a sustainable and scalable manufacturing process for any approved product candidates and maintaining supply and manufacturing relationships with third parties that can conduct the process and provide adequate (in amount and quality) products to support clinical development and the market demand for our product candidates, if approved;
- launching and commercializing product candidates for which we obtain marketing approval, either directly or with a collaborator or distributor;
- 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;
- identifying, assessing, acquiring and/or developing new product candidates;
- negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter;
- obtaining, maintaining, protecting, enforcing and expanding our portfolio of intellectual property rights, including patents, trade secrets, and know-how; and
- attracting, hiring and retaining qualified personnel.

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.

Even if this offering is successful, we will need substantial additional capital in order to satisfy our long-term growth strategy, which may not be available to us on acceptable terms, or at all, and, if not available, may require us to delay, scale back, or cease our product development programs or operations.

Although we anticipate that our available resources, excluding the proceeds from this offering, will be sufficient to meet our anticipated working capital needs for at least the next nine months, we believe that we would need to raise approximately $6.5 million in additional funds in order to fund our operations for the next 12 months, mainly to support our research and development programs for EB612 and EB613. We anticipate that our current resources, together with the proceeds from this offering, will be sufficient to meet our anticipated working capital needs for at least the next months, although we expect that we would still need to raise additional funds to support the execution of our long-term growth strategy, including further development and commercialization of our product candidates. We may require substantial additional financing at various intervals in order to continue our research and

development programs, including significant requirements for operating expenses including intellectual property protection and enforcement, pursuit of regulatory approvals, and commercialization of our products. 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 financing we will require to complete research and development and to commercialize our product candidates.

Our future financing requirements will depend on many factors, including but not limited to:

- the number and characteristics of other 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 FDA and non-U.S. regulatory approvals;
- 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;
- 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 operations as a public company; and
- the economic and other terms, timing of and success of any collaboration, licensing, or other arrangements into which we may enter in the future, including the timing of achievement of milestones and receipt of any milestone or royalty payments under these agreements.

Until we can generate a sufficient amount of product revenue to finance our cash requirements, which we may never do, we expect to finance future cash needs primarily through a combination of public or private equity offerings, debt financings, strategic collaborations, and grant funding. If sufficient financing on acceptable terms are not available when needed, or at all, we could be forced to significantly reduce operating expenses and delay, scale back or eliminate one or more of our development programs or our business operations or even go bankrupt.

Raising additional capital may cause dilution to our shareholders, including purchasers of ordinary shares in this offering, restrict our operations or require us to relinquish substantial rights.

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. 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 will adversely impact our financial condition.

In the past we have incurred indebtedness that may convert into equity securities, including our ordinary shares, upon the election of the lender or upon certain automatic triggering events. Any such conversion may cause our shareholders to experience substantial dilution of their ownership interest. In addition, if such convertible indebtedness is not converted before maturity upon the triggering events, we will be required to repay such indebtedness, which may adversely affect our liquidity. See "Dilution" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commitments—Convertible Loans."

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.

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.

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.

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."

Following the completion of this offering, we will be required to comply with various regulatory and reporting requirements, including those required by the Securities and Exchange Commission, or the SEC. Complying with these reporting and regulatory requirements will be time consuming, result in increased costs to us and could have a negative effect on our business, results of operations and financial condition.

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or 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 will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. 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," as defined in the Jumpstart Our Business Startups Act, or the JOBS Act, 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 this offering; (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" under the Exchange Act. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs.

We have applied to list our ordinary shares on the NASDAQ Capital Market and, although no assurance can be given that our application will be approved, we expect that our ordinary shares will be listed on the NASDAQ Capital Market prior to the completion of this offering. As a public company listed on the NASDAQ Capital Market, we will incur significant legal, accounting and other expenses that we did not incur prior to the listing of our ordinary shares on the NASDAQ Capital Market.

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. We also expect that being a publicly traded company in the United States and being subject to U.S. rules and regulations will make it 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 could 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.

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 Dr. Phillip Schwartz, our Chief Executive 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 technologies. The loss of our senior executives or senior scientists could delay our research and development activities. We do not maintain "key man" life insurance policies for any of our employees.

Recruiting and retaining 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 these individuals 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 expect to grow our organization, particularly in the United States, specifically to supplement and expand our 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 with U.S. public company experience. The need to identify, recruit, maintain, motivate and integrate additional employees and senior members of management 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.

In conjunction with the addition of these employees and managers, 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 the NASDAQ Capital Market listing requirements, and in accordance with the applicable transition rules, we will be required to appoint additional independent directors, which may result in a change in the company's direction over time, as discussed in further detail in "Management—Board of Directors."

Risks Related to the Clinical Development of Our Product Candidates

All of our product candidates are in preclinical or clinical development. Clinical drug development is expensive, time consuming and uncertain, and we may ultimately not be able to obtain regulatory approvals for the commercialization of some or all of our product candidates.

The research, testing, manufacturing, labeling, approval, selling, marketing and distribution of drug products are subject to extensive regulation by the U.S. Food and Drug Administration, or FDA, European Union, and EU Member State legislators and agencies, such as the European Medicines Agency, or EMA, and other non-U.S. regulatory authorities, which enforce regulations that differ from country to country. We are not permitted to market our product candidates in the United States until we receive approval of a BLA from the FDA or in any other country until we receive marketing approval from applicable regulatory authorities outside the United States. Our product candidates are in various stages of development and are subject to the risks of failure inherent in drug development. We have not submitted an application, or received marketing approval, for any of our product candidates. We have limited experience in conducting and managing the clinical trials necessary to obtain regulatory approvals, including approval by the FDA or the EMA. Obtaining approval of a BLA or other marketing application can be a lengthy, expensive and uncertain process.

At present, our lead product candidate is EB612, our oral PTH (1-34) tablet, which is under development for the treatment of hypoparathyroidism. We are also developing EB613, a distinct oral PTH (1-34) product candidate, with significant modifications to dose and formulation, for the treatment of osteoporosis. Each of our oral PTH product candidates, including EB612 and EB613, are in an early stage of clinical development and face a variety of risks and uncertainties, including the following:

- future clinical trial results may show that our oral PTH (1-34) is not effective for many reasons, including if our drug delivery technology is not effective, our product candidates are not effective, our clinical trial designs are flawed or clinical trial 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 hypoparathyroidism, there is no guarantee that we will successfully develop and commercialize it for other indications, including osteoporosis and nonunion 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 are unable to successfully commercialize our oral PTH for some other reason, 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.

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

We expect to initiate a Phase 2b/3 clinical trial of EB612 in hypoparathyroidism in the third quarter of 2018 and we plan to submit applications for regulatory approval of EB612 in the first half of 2020. For osteoporosis, we intend to commence a Phase 2a clinical trial of EB613 in the first half of 2018 and an additional Phase 2b clinical trial in the United States in 2018. We also plan to conduct clinical trials of a formulation of oral PTH for the treatment of non-union fractures. Drug development is a long, expensive and uncertain process, and delay or failure can occur at any stage of any of our clinical trials. Clinical trials can be delayed or prevented 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, 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 contract research organizations 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 requiring alterations to any of our study 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 after treatment, which results in incomplete data;

- governmental or regulatory delays and changes in regulatory requirements, policy and guidelines; and

- varying interpretations of data by the FDA and foreign regulatory agencies.

Changes in regulatory requirements and guidance may also occur and 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 contract research organizations, or 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, other regulatory authorities, the IRB or ethics committee overseeing the clinical trial at issue, 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 may be 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 interpretation 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 preclinical 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 preclinical 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 seek 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 preclinical 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. 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 affect 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 our oral PTH product candidates have exhibited no serious related adverse events in our clinical trials to date, we may need to change future trial design 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.

We depend on enrollment of patients in our clinical trials for our product candidates. If we are unable to enroll 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 a sufficient number of subjects. 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 availability 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 product candidate EB612 has orphan drug designation for the treatment of hypoparathyroidism, which means that the potential patient population is limited. In addition, there may be other marketed drugs or drugs in development for hypoparathyroidism, and we may compete for patients with such marketed drugs, such as Natpara, or the sponsors of trials for drugs in development. 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 our product candidate development and approval process 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 use and expand our oral drug delivery technology platform 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. Our strategy is to focus on the development of our oral drug delivery technology in combination with a known active pharmaceutical ingredient, or API, to validate our platform and potentially minimize risk and development timelines. We intend, by utilizing this approach, to both validate and enhance the credibility of our platform. We intend to use our technology as a platform for the oral delivery of other protein and large molecule APIs.

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 osteoporosis. 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 EB612, we may be unsuccessful in leveraging our oral drug delivery technology for use with other APIs. In addition, we must significantly modify the formulation of EB612 to develop new formulations for applications in osteoporosis 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 due to the small size of the population with hypoparathyroidism.

In addition, our technology makes use of synthetically bioengineered ingredients. Our oral PTH is a synthetic form of the first 34 amino acids of human PTH to which we have applied our proprietary drug delivery technology. 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. 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, including as a result of being 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.

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

Although all of our product candidates have undergone or will undergo safety testing to the extent possible and agreed with health authorities, not all adverse effects of drugs can be predicted or anticipated. Unforeseen side effects from any of our product candidates could arise either during clinical development or, if such side effects are more 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. All of our product candidates are still in clinical or preclinical development. While our oral PTH has exhibited no serious 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.

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 our approved product 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 our potential future 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.

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 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. As such, we are currently primarily focused on the development of EB612 and EB613 for the treatment of hypoparathyroidism and osteoporosis, respectively. 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 potential decisions to delay, terminate or collaborate with third parties in respect of certain product development programs may also prove not to be 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.

Our internal computer systems, or those of our CROs or other contractors or consultants, may fail or suffer security breaches, which could result in a disruption of our drug development programs.

Despite the implementation of security measures, our internal computer systems and those of our CROs and other contractors and consultants are vulnerable to damage from cyber-security threats, including computer viruses, harmful code and unauthorized access, natural disasters, fire, terrorism, war and telecommunication and electrical failures. If a disruption event were to occur and cause interruptions in our operations, it could result in a material disruption of our drug development programs. For example, the loss of clinical trial data from completed, ongoing or planned clinical trials could 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 inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development of our product candidates could be delayed.

Risks Related to Regulatory Approval of Our Product Candidates

Obtaining regulatory approval even after clinical trials that are believed to be successful is an uncertain process.

Even if we complete our planned clinical trials and believe the results to be successful, all of which are uncertain, obtaining regulatory approval is an extensive, lengthy, expensive and uncertain process, and the FDA, EMA and other regulatory agencies may delay, limit or deny approval of our oral PTH for many reasons, including:

- we may not be able to demonstrate to the satisfaction of the FDA, EMA or other regulatory agencies that our oral PTH 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;
- the FDA, EMA or other regulatory agencies may require that EB613 meet additional requirements to obtain regulatory approval for the treatment of osteoporosis, a much larger indication than hypoparathyroidism;
- the FDA, EMA or other regulatory agencies may disagree with the number, design, size, conduct or implementation of our clinical trials;
- the FDA, EMA or other regulatory agencies may not find the data from pre-clinical studies and clinical trials sufficient to demonstrate that our oral PTH’s clinical and other benefits outweigh its safety risks;

- the FDA, EMA or other regulatory agencies may disagree with our interpretation of data from pre-clinical studies or clinical trials, or may not accept data generated at our clinical trial sites;

- the FDA, EMA or other regulatory agencies may not recognize a synthesized molecule like the synthesized PTH molecule that is used in our oral PTH formulation;

- the data collected from pre-clinical studies and clinical trials of our oral PTH may not be sufficient to support the submission of an application for regulatory approval;

- the FDA may have difficulties scheduling an advisory committee meeting in a timely manner, or the advisory committee may recommend against approval of our application or may recommend that the FDA require, as a condition of approval, additional pre-clinical studies or clinical trials, limitations on approved labeling, or distribution and use restrictions;

- the FDA may require development of a risk evaluation and mitigation strategy as a condition of approval;

- the FDA, EMA or other regulatory agencies may identify deficiencies in the manufacturing processes or facilities of third party manufacturers with which we enter into agreements for clinical and commercial supplies;

- the FDA, EMA or other regulatory agencies may change their approval policies or adopt new regulations; and

- the FDA, EMA or other regulatory agencies may require simultaneous approval for both adults and for children and adolescents delaying needed approvals, or we may have successful clinical trial results for adults but not children and adolescents, or vice versa.

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. We will also need to agree on a protocol with the FDA for a clinical trial before commencing the trial. Phase 3 clinical trials frequently produce unsatisfactory results even though 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. The FDA, the EMA or other non-U.S. regulatory authorities may disagree with our trial design and our interpretation of data from preclinical studies and clinical trials. Moreover, there is no FDA guidance on the acceptable level of variability in 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. In addition, any of these regulatory authorities may change requirements for the approval of a product candidate even after reviewing and providing comments or advice on a protocol for a clinical trial. The FDA, EMA or other regulatory agencies may require that we conduct additional clinical, nonclinical, manufacturing validation or drug product quality studies and submit those data 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 (1-34) tablet.

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 not accept the labeling claims that we believe would be necessary or desirable for the successful commercialization of our product candidates.

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. 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 European Union, 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 European Union, 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 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 product candidates. 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 European Union, 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 European Union. 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 European Union, 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 makes a major contribution to patient care. In the European Union, 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 Shire plc, whose product Natpara, an injectable bioengineered recombinant form of PTH (1-84), was approved by the FDA in January 2015. 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, if Natpara is approved by the EMA, 10 years after receipt of market approval in the European Union. 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 under the applicable FDA and EMA standards and obtain regulatory approval, even if EB612 would otherwise satisfy each regulator's standards for approval.

Even if we obtain regulatory approval of EB612, we may not enjoy the benefits of our orphan designation for EB612 for hypoparathyroidism. For example, even if we were to overcome Natpara's exclusivity, 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 makes a major contribution to patient care.

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, 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.

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 Affordable Care Act, 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 Affordable Care Act 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 2025, unless additional Congressional action is taken. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, further 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.

President Trump and the majorities of both houses of Congress have stated their intention to repeal and replace the ACA. On January 20, 2017, President Trump signed an Executive Order directing federal agencies with authorities and responsibilities under the ACA to waive, defer, grant exemptions from, or delay the implementation of any provision of the ACA that would impose a fiscal or regulatory burden on states, individuals, healthcare

providers, health insurers, or manufacturers of pharmaceuticals or medical devices. In May 2017, the House of Representatives voted to pass the American Healthcare Act of 2017, which repeals certain portions of the ACA and adds material new provisions. On June 22, 2017, the Senate introduced its own healthcare reform bill. Considerable uncertainty remains about whether the Senate bill will pass or how it will be reconciled with the House version, and if it does and President Trump signs it into law, about the ultimate content, timing or effect of any healthcare reform legislation on us, our industry or the market for drug products like ours. Though the full future impact of the new administration and the U.S. Congress on our business remains unclear, legislative and regulatory changes may continue the downward pressure on pharmaceutical pricing, especially under the Medicare and Medicaid programs, and may also increase our regulatory burdens and operating costs.

The delivery of healthcare in the European Union, 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 European Union, 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 will be 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;

- the federal Health Insurance Portability and Accountability Act of 1996, or 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 Affordable Care Act 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.

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. See "—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. 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. Ascendis' oral PTH product is currently in preclinical development, and Ascendis has reported that it plans to initiate a Phase 1 trial for the drug in the third quarter of 2017.

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 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. We anticipate that our product candidate EB613, if approved, will compete with Forteo 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 to justify a higher price 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 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 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 biologics is more complex and subject to greater regulation than that of other drugs. The process of manufacturing biologics, 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 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 early clinical development. Prior to receiving regulatory approval for EB612, we plan to build a focused sales and marketing organization in the United States and other jurisdictions where we anticipate obtaining approval to sell EB612. This 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 EB612, and we anticipate seeking a collaborator to develop EB613 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. 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 European Union, 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.

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.

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.

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 valuable funding and other benefits. For example, we 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.

We face significant competition in seeking appropriate collaborators. Our ability to reach a definitive agreement for a collaboration will depend, among other things, 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;

- 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; and

- collaborations may be terminated for convenience by the collaborator and, if terminated, we could be required to raise additional capital to pursue further development or commercialization of the applicable product candidates, we may suffer from negative publicity and we may find it more difficult to attract new collaborators.

All of the risks relating to product development, regulatory approval and commercialization described in this prospectus also apply to the activities of any of our future program collaborators.

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, or if any resulting agreement is terminated, 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.

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 a BLA 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 the 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.

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 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, Japan, China, Israel and Russia. Related patent applications are pending in the United States, the European Union, Hong Kong, Brazil, India, Israel, Canada, New Zealand and Russia. We have also filed five patent applications in various jurisdictions and one Patent Cooperation Treaty (PCT) application 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 issue 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 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.

Emisphere Technologies, Inc., or 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. We are in the early stages of investigating this claim. If Emisphere were to initiate a legal proceeding against us regarding its claim, we would vigorously defend against such claim. However, if Emisphere were 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 were 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 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 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.

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. 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 this Offering

The price of our ordinary shares may be volatile, and you may not be able to resell your shares at or above the initial public offering price.

The share price of publicly traded emerging biopharmaceutical and drug discovery and development companies has been highly volatile and is likely to remain highly volatile in the future. These fluctuations may result from a variety of factors, many of which are beyond our control. These factors include:

- actual or anticipated fluctuations in our results of operations;
- 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;
- announcements of research activities, business developments, technological innovations or new products, or acquisitions or expansion plans by us or our competitors;
- our entering into or terminating strategic relationships;
- changes in laws or government regulation;
- departure of our key personnel;
- disputes related to 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 or other securities in the future;
- public concern regarding the safety, efficacy or other aspects of the products or methodologies being developed;
- market conditions in our industry and changes in estimates of the future size and growth rate of our markets;
- variance in our financial performance from the expectations of market analysts;
- the trading volume of our ordinary shares; and
- general economic and market conditions.

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.

There was no public market for our ordinary shares prior to this offering, and an active market in our ordinary shares may not develop in which investors can resell our ordinary shares.

Prior to this offering there was no public market for our ordinary shares. Although we have applied to list our ordinary shares on the NASDAQ Capital Market and expect that our ordinary shares will be listed on the NASDAQ Capital Market prior to the completion of this offering, we cannot predict the extent to which an active market for our ordinary shares will develop or be sustained after this offering, or how the development of such a market might affect the market price for our ordinary shares. The initial public offering price of our ordinary shares in this offering was agreed between us and the underwriters based on a number of factors, including market conditions in effect at the time of this offering, which may not be indicative of the price at which our ordinary shares will trade following completion of this offering. Investors may not be able to sell their ordinary shares at or above the initial public offering price.

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 in the public market following this offering could lower the market price of our ordinary shares. 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 will be restricted from resale immediately after the consummation of this offering, but approximately 11,000 shares of our ordinary shares will be registered for resale by certain shareholders pursuant to the resale prospectus included in this registration statement and are not subject to a lock-up agreement. In the event of a sale of ordinary shares offered by these selling shareholders, the price of our ordinary shares could decline, and such decline could be material.

Immediately following this offering, D.N.A Biomedical will beneficially own approximately % of our ordinary shares and may therefore be able to control the outcome of matters requiring shareholder approval.

Immediately following this offering, D.N.A Biomedical Solutions Ltd., or D.N.A Biomedical, will beneficially own approximately % of our outstanding shares. Accordingly, subject to special approvals required by Israeli law for transactions involving controlling shareholders, D.N.A Biomedical may be able to exercise significant influence over all 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 control of our company to another party without your consent.

The market price of our ordinary shares could be negatively affected by future sales of our ordinary shares.

After this offering, we will have ordinary shares outstanding. If we or our shareholders sell substantial amounts of our ordinary shares or if there is a public perception that these sales may occur in the future, the market price of our ordinary shares may decline. We, together with our directors, officers and our significant shareholders, in the aggregate beneficially owning % of our outstanding ordinary shares as of November 15, 2017

have agreed with the underwriters of this offering not to sell any ordinary shares, other than the shares offered through this prospectus, for a period of 180 days following the date of this prospectus, subject to certain exceptions. See "Shares Eligible for Future Sale" and "Underwriters."

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

We intend to allocate the net proceeds from this offering to our different areas of activity. Our management may not apply the net proceeds in ways that ultimately increase the value of your investment in our ordinary shares. They will have broad discretion in the application of the use of proceeds from this offering, and you will be relying on the judgment of our management regarding the application of these proceeds. If we do not invest or apply the net proceeds from this offering in ways that enhance shareholder value, we may fail to achieve expected financial results, which could cause the price of our ordinary shares to decline.

If you purchase ordinary shares in this offering, you will suffer immediate dilution of your investment.

If you purchase ordinary shares in this offering, you will pay a price per ordinary share that exceeds our pro forma net tangible book value (deficit) per ordinary share. You will experience immediate dilution of $ per ordinary share, representing the difference between our pro forma net tangible book value (deficit) per ordinary

share of $ as of September 30, 2017 and the assumed initial public offering price of $ per ordinary share (the midpoint of the estimated offering price range on the cover of this prospectus). Purchasers of ordinary shares in this offering will have contributed approximately % of the aggregate price paid by all purchasers of our ordinary shares but will own only approximately % of our ordinary shares outstanding after this offering. To the extent options or warrants for our ordinary shares are exercised, you will incur further dilution. See "Dilution."

We do not intend to pay dividends.

We have never declared or paid any cash dividends on our ordinary shares. In addition, Israeli law may limit our declaration or payment of dividends, and may subject our dividends to Israeli withholding taxes. 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.

We will be a foreign private issuer and, as a result, we will not be subject to U.S. proxy rules and will be 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.

Upon consummation of this offering, we will 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 do, however, intend to make 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 accelerated filers are required to file their annual report on Form 10-K within 75 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, 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 the listing requirements of the NASDAQ Capital Market, we will follow certain home country governance practices rather than the corporate governance requirements of the NASDAQ Capital Market.

As a foreign private issuer, we have the option to follow certain Israeli corporate governance practices rather than those of the NASDAQ Capital Market, 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 intend to rely on this "foreign private issuer exemption" with respect to the NASDAQ Capital Market shareholder approval requirements in respect of equity issuances and equity-based compensation plans and the quorum requirement for meetings of our shareholders. In addition, we intend to rely on the "foreign private issuer exemption" with respect to the NASDAQ Capital Market compensation committee requirements and independent approval of board nominations. We may in the future 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 Capital Market 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, 2018 (the end of our second fiscal quarter in the fiscal year after this offering), 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, 2019. We will not

maintain our current status as a foreign private issuer, if (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 the NASDAQ Capital Market 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. We also expect that if we were required to comply with the rules and regulations applicable to U.S. domestic issuers, it would make it more difficult and 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 rules and regulations could also make it more difficult for us to attract and retain qualified members of our board of directors.

We may be a passive foreign investment company, or a PFIC, 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. shareholders.

In general, a non-U.S. corporation is a "passive foreign investment company," or 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 quarterly value of its assets consists of assets 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 (including cash raised in this offering) is a passive asset for PFIC purposes. The assets shown on our balance sheet are expected 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. Because the value of our goodwill may be determined by reference to the quarterly market price of our ordinary shares from time to time, which may be especially volatile given the nature and early stage of our business, and because a company's PFIC status is an annual determination that can be made 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 such as our company, whose only income for a relevant taxable year is passive interest income but whose overall losses significantly exceed the amount of such passive income. We believe that it is reasonable to take the position that a company like us, whose overall losses exceed its passive income, would not be a PFIC if it otherwise would not be a PFIC under the assets test for the relevant taxable year, but there can be no assurance that the Internal Revenue Service will respect, or a court will uphold, such position. If we were a PFIC for any taxable year during which a U.S. investor owned our ordinary shares, 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 and certain distributions and a requirement to file annual reports with the Internal Revenue Service. See "Taxation and Government Programs— 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," as defined in the JOBS Act, 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 so 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. We have also elected to include two years of audited financial statements and selected financial

data, as permitted for an "emerging growth company" compared to three and five years, respectively, for comparable data reported by other public companies. In general, these reduced reporting requirements may allow us to refrain from disclosing information that you may find important.

We could be an "emerging growth company" for up to five years, although circumstances could cause us to lose that status earlier, including 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) before that time, 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.

We have not yet determined whether our existing internal control over financial reporting is compliant with Section 404 of the Sarbanes-Oxley Act, and we cannot provide any assurance that there are no material weaknesses or significant deficiencies in our existing internal controls.

Pursuant to Section 404 of the Sarbanes-Oxley Act and the related rules adopted by the SEC and the Public Company Accounting Oversight Board, or Section 404, starting with the second annual report that we file with the SEC after the consummation of this offering, our management will be required to report on the effectiveness of our internal control over financial reporting. In addition, once we no longer qualify as an "emerging growth company" under the JOBS Act and lose the ability to rely on the exemptions related thereto discussed above, our independent registered public accounting firm will also need to attest to the effectiveness of our internal control over financial reporting under Section 404.

We have only initially commenced the process of determining whether our existing internal controls over financial reporting systems are compliant with Section 404 and whether there are any material weaknesses or significant deficiencies in our existing internal controls. This process will require the investment of substantial time and resources, including by our Chief Financial Officer and other members of our senior management. As a result, this process may divert internal resources and take a significant amount of time and effort to complete.

In addition, we cannot predict the outcome of this determination and whether we will need to implement remedial actions in order to implement effective control over financial reporting. The determination and any remedial actions required could result in us incurring additional costs that we did not anticipate. Irrespective of compliance with Section 404, any failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. As a result, we may experience higher than anticipated operating expenses, as well as higher independent auditor fees during and after the implementation of these changes. If we are unable to implement any of the required changes to our internal control over financial reporting effectively or efficiently or are required to do so earlier than anticipated, it could adversely affect our operations, financial reporting and/or results of operations and could result in an adverse opinion on internal controls from our independent auditors.

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 will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If securities or industry analysts do not commence coverage of our company, the trading price for our shares would 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, 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 plus 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. See “Business— The Israeli Innovation Authority Grant” for additional information.

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) outside of the State of Israel, except under limited circumstances and only with the approval of the IIA Research Committee. 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 plus 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 (including by way of an initial public offering) that would make a non-Israeli citizen or resident an “interested party,” as defined in the Israeli Securities Law, 5728-1968, as amended, or the Securities Law, 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. If we fail to satisfy the conditions of the Research Law, we may be required to refund certain grants previously received together with interest and penalties, and may become subject to criminal charges.

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

Our principal offices and research and development facilities are located in 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 and North Africa, including Israel's neighbors Egypt and 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 in the past have a material adverse impact on our business, 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 restrict business with Israel and Israeli companies, which could have an adverse effect on our business. 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, may be called upon to perform up to 36 days (and in some cases more) of annual military reserve duty until they reach the age of 40 (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.

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 and to assert U.S. securities laws claims in Israel.

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, named in this prospectus, substantially all 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 be difficult for an investor 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 entitled “Enforceability of Civil Liabilities.”

Provisions of Israeli law and our amended 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 Israeli Companies Law, 5759-1999, or 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. For additional information regarding the regulation of mergers and tender offers under the Israeli Companies Law, see “Description of Share Capital—Anti-Takeover Provisions; Mergers and Acquisitions.”

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 amended 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.

Certain of the IPO Transactions that will be completed in connection with the closing of this offering may be treated, for Israeli income tax purposes, as taxable exchanges, which may give rise to withholding obligations

applicable to us, absent a ruling or other written instructions issued by the Israel Tax Authority providing otherwise. We have not applied to the Israel Tax Authority for a ruling or other instructions with respect to any potential withholding obligations we may have in connection with such IPO Transactions. In the event that it is determined that we failed to withhold any applicable withholding tax in connection with such IPO Transactions, in addition to the liability to pay such taxes, we may be liable for payment of interest, and certain penalties and fines.

Your rights and responsibilities as a shareholder will be 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 then-current articles of association 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 toward 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. 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. See "Description of Share Capital—Our Ordinary Shares."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements that relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements include all statements that are not historical facts and can be identified by words such as, but not limited to, "believe," "expect," "anticipate," "estimate," "intend," "plan," "targets," "likely," "will," "would," "could," and similar expressions or phrases. 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 include, but are not limited to, statements about:

- 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 develop and advance product candidates into, and successfully complete, clinical studies;
- uncertainty surrounding whether any of our product candidates will receive regulatory approval, which is necessary before they can be commercialized, including that we will be able to demonstrate to regulators the clinical superiority of EB612 over Natpara, which is required to overcome Natpara's drug exclusivity;
- our competitive position, especially with respect to Natpara, our key competitor for hypoparathyroidism treatment;
- our recurring losses from operations have raised substantial doubt regarding our ability to continue as a going concern absent access to sources of liquidity;
- our ability to use and expand our drug delivery technology to other product candidates;
- the pricing and reimbursement of our product candidates, if approved;
- our being subject to ongoing regulatory obligations if our products secure regulatory approval;
- our ability to develop sales, marketing and distribution infrastructure;
- our reliance on third parties to conduct our clinical trials and on third-party suppliers to supply or produce our product candidates;
- our ability to achieve market acceptance for our product candidates;
- our ability to obtain and maintain adequate intellectual property rights and adequately protect and enforce such rights;
- our ability to retain key personnel and recruit additional qualified personnel;
- our expectations regarding the use of proceeds from this offering;
- our ability to manage growth; and
- other risk factors discussed under "Risk Factors."

All forward-looking statements involve risks, assumptions and uncertainties. You should not rely upon forward-looking statements as predictors of future events. The occurrence of the events described, and the achievement of expected results, depend on many events, some or all of which are not predictable or within our

control. Actual results may differ materially from expected results. See the sections below “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this prospectus for a more complete discussion of these risks, assumptions and uncertainties and for other risks and uncertainties. These risks, assumptions and uncertainties are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. All of the forward-looking statements we have included in this prospectus are based on information available to us on the date of this prospectus. We undertake no obligation, and specifically decline any obligation, to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately $ million from our sale of ordinary shares in the offering (or approximately $ million if the underwriters fully exercise their over-allotment option), after deducting the estimated underwriting discounts and commissions and the estimated offering expenses payable by us. This assumes an initial public offering price of $ per ordinary share, which is the midpoint of the estimated offering price range on the cover page of this prospectus.

As of , we had cash and cash equivalents of $ million. We intend to use the net proceeds from this offering, together with our cash and cash equivalents, as follows:

- approximately $ million to fund research and development expenses of our oral PTH candidate, EB612;
- approximately $ million to fund research and development expenses of our oral PTH candidate, EB613; and
- approximately $ million for working capital and general corporate purposes.

Our expected use of net proceeds from this offering represents our current intentions based upon our present plans and business condition. As of the date of this prospectus, we cannot predict with certainty all of the particular uses for the net proceeds to be received upon the completion of this offering or the amounts that we will actually spend on the uses set forth above. The amounts and timing of our actual use of net proceeds will vary depending on numerous factors, including our ability to obtain additional financing, the relative success and cost of our research, preclinical and clinical development programs, including a change in our planned course of development or the termination of a clinical program necessitated by the results of data received from clinical trials, the amount and timing of revenues, if any, received from future collaborations. As a result, management will have broad discretion in the application of the net proceeds, and investors will be relying on our judgment regarding the application of the net proceeds of this offering. In addition, we might decide to postpone or not pursue other clinical trials or preclinical activities if the net proceeds from this offering and our other sources of cash are less than expected.

Based on our planned use of the net proceeds of this offering and our current cash and cash equivalents described above, we estimate that such funds will be sufficient to enable us to fund our operating expenses and capital expenditure requirements for at least the next months. Following the completion of this offering, we anticipate that we will eventually need additional capital for the marketing and sales development for our oral PTH candidate, EB612, if approved. We have based these estimates on assumptions that may prove to be incorrect, and we could use our available capital resources sooner than we currently expect. For additional information regarding our capital requirements, see “Even if this offering is successful, we will need substantial additional capital in order to satisfy our long-term growth strategy, which may not be available to us on acceptable terms, or at all, and, if not available, may require us to delay, scale back, or cease our product development programs or operations.” under the heading “Risk Factors.”

Pending their use, we plan to invest the net proceeds from this offering in short- and intermediate-term interest-bearing financial assets and certificates of deposit.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per ordinary share, the midpoint of the range set forth on the cover page of this prospectus, would increase (decrease) our net proceeds from this offering by $ million (or $ million if the underwriters fully exercise their over-allotment option), assuming the number of ordinary shares offered by us remains the same.

We may also increase or decrease the number of ordinary shares we are offering. An increase (decrease) of ordinary shares offered by us would increase (decrease) our net proceeds from this offering by $ million, assuming the public offering price per ordinary share remains the same. The information on net proceeds payable to us discussed above is illustrative only and will adjust based on the actual initial public offering price, the actual number of ordinary shares offered by us, and other terms of the offering determined at pricing.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our ordinary shares and we do not anticipate paying any cash dividends on our ordinary shares in the future. We currently intend to retain all future earnings to finance our operations and to expand our business. Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, which may include future earnings, capital requirements, financial condition and future prospects and other factors the board of directors may deem relevant. Our ability to distribute dividends is limited under Israeli law, as described below under "Description of Share Capital—Our Ordinary Shares—Dividends and Liquidation Rights."

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2017:

- on an actual basis;
- on a pro forma basis to give effect to the Recent Developments Transactions, as described in "Summary—Recent Developments";
- on a pro forma as adjusted basis to give effect to the Recent Developments Transactions and the IPO Transactions, as described in "Summary—The Offering"; and
- on a pro forma as further adjusted basis to give effect to (a) the IPO Transactions (b) the Recent Developments Transactions and (c) our sale in this offering of ordinary shares at an assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table together with our financial statements and the related notes included elsewhere in this prospectus and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Certain Relationships and Related Party Transactions" sections and other information contained in this prospectus.

	(unaudited) As of September 30, 2017			
	Actual	Pro Forma	Pro forma as Adjusted	Pro forma as Further Adjusted
	(In thousands)			
Cash and cash equivalents	$ 2,899	$ 13,199	$	$
Convertible loans	$ 15,614	$ 3,919	$	$
Series A preferred shares of NIS 0.01 par value; 25,000 authorized, 10,222 issued and outstanding, actual; 25,000 authorized, 10,222 issued and outstanding, pro forma; authorized, 0 issued and outstanding, pro forma as adjusted; authorized, 0 issued and outstanding, pro forma as further adjusted	8,841	8,841		
Series B preferred shares of NIS 0.01 par value; 35,000 authorized, 13,621 issued and outstanding, actual; 35,000 authorized, 13,621 issued and outstanding, pro forma; authorized, 0 issued and outstanding, pro forma as adjusted; authorized, 0 issued and outstanding, pro forma as further adjusted	-	12,379		
Series B-1 preferred shares of NIS 0.01 par value; 17,000 authorized, 13,229 issued and outstanding, actual; 17,000 authorized, 13,229 issued and outstanding, pro forma; authorized, 0 issued and outstanding, pro forma as adjusted; authorized, 0 issued and outstanding, pro forma as further adjusted	-	11,695		
Warrants to purchase preferred shares and shares	4,723	4,896		
Liability to issue preferred shares and warrants	1,044	1,044		
Capital deficiency:				

Ordinary shares of NIS 0.01 par value; 1,000,000 authorized, 34,544 issued and outstanding, actual; 1,000,000 authorized, 35,544 issued and outstanding, pro forma; authorized, issued and outstanding, pro forma as adjusted; authorized, issued and outstanding, pro forma as further adjusted	*	*		
Other comprehensive income	41	41		
Other reserves	6,876	6,876		
Additional paid-in capital	2,485	2,485		
Accumulated deficit	(38,038)	(38,715)		
Total capital deficiency	(28,636)	(29,313)		
Total capitalization	1,586$	$ 13,461	$	$

* represents an amount less than one thousand

The table above does not reflect:

- 9,638 ordinary shares issuable upon the exercise of options outstanding as of September 30, 2017, at a weighted average exercise price of $277.10 per share; or
- 444 ordinary shares reserved for future grants as of September 30, 2017 under the Plan.

DILUTION

Our historical deficit as of September 30, 2017, was $38.0 million, or $, per share. Historical net tangible book value (deficit) per share is calculated by subtracting our total liabilities from our total tangible assets, which is total assets less intangible assets, and dividing this amount by the 34,544 issued and outstanding ordinary shares as of September 30, 2017.

Our pro forma net tangible book value (deficit) as of September 30, 2017, was $, or $ per share. Pro forma net tangible book value (deficit) per share is calculated by subtracting our total liabilities from our total tangible assets which is total assets less intangible assets, and dividing this amount by the issued and outstanding ordinary shares as of September 30, 2017, after giving pro forma effect to the Recent Developments Transactions, as described in "Summary —Recent Developments."

Our pro forma as adjusted net tangible book value (deficit) of September 30, 2017, was $, or $ per share. Pro forma as adjusted net tangible book value (deficit) per share is calculated by subtracting our total liabilities from our total tangible assets which is total assets less intangible assets, and dividing this amount by the issued and outstanding ordinary shares as of September 30, 2017, after giving pro forma effect to the Recent Developments Transactions and the IPO Transactions, as described in "Summary—The Offering."

After giving effect to the Recent Developments Transactions, the IPO transactions and the sale by us of the ordinary shares in this offering, at an assumed initial public offering price of $ per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, our pro forma as further adjusted net tangible book value (deficit) at September 30, 2017, would have been $, or $ per share. This represents an immediate increase in pro forma as further adjusted net tangible book value (deficit) to existing shareholders of $ per share and immediate dilution to new investors of $ per share.

The following table illustrates this per share dilution on a per share basis:

Assumed initial public offering price		$
Pro forma as adjusted net tangible book value (deficit) per ordinary share	$	
Increase in pro forma net tangible book value (deficit) per share attributable to this offering		
Pro forma as further adjusted net tangible book value (deficit) per ordinary share after this offering		
Dilution per ordinary share to new investors in this offering		$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as further adjusted net tangible book value (deficit) at September 30, 2017 by approximately $, or approximately $ per share and the dilution to new investors of $ per share, assuming that the number of shares offered by us remains the same.

We may also increase or decrease the number of shares we are offering. An increase of shares in the number of shares offered by us would result in pro forma as further adjusted net tangible book value (deficit) at September 30, 2017 of approximately $, or $ per share, and dilution to new investors of $ per share, assuming the public offering price per share remains the same. Similarly, a decrease of shares in the number of shares offered by us would result in pro forma as adjusted net tangible book value (deficit) at September 30, 2017 of approximately $, or $ per share, and dilution to new investors of $ per share, assuming the public offering price per share remains the same. The dilution information discussed above is illustrative only and will change based on the actual public offering price and other terms of this offering determined at pricing.

The following table sets forth, as of September 30, 2017, on a pro forma as further adjusted basis, the number of ordinary shares purchased from us, the total consideration paid, or to be paid, and the average price per share paid, or to be paid, by existing shareholders and by the new investors, at an assumed initial public offering price of

$ per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing shareholders		%	$ 33	%	
New investors					
Total		100%	$ 33	100%	

The foregoing tables assume no exercise of the underwriters' over-allotment option or of outstanding options or warrants to purchase our shares after September 30, 2017. At September 30, 2017, ordinary shares were subject to outstanding options at a weighted average exercise price of $, warrants to purchase ordinary shares were outstanding, at an exercise price of $ per share, warrants to purchase ordinary shares were outstanding, at an exercise price of $ per share, and warrants to purchase ordinary shares were outstanding, at an exercise price of $ per share. Pro forma for the IPO Transactions, additional warrants exercisable for ordinary shares will be outstanding. See "Summary—The Offering." To the extent these options and warrants are exercised there will be further dilution to new investors.

If the underwriters exercise the over-allotment option in full in this offering, our pro forma as further adjusted net tangible book value (deficit) will be $ million, or $ per share, representing an immediate increase in pro forma as adjusted net tangible book value (deficit) of approximately $ per share attributable to this offering to our existing shareholders and immediate dilution of $ per share to new investors purchasing ordinary shares in the offering.

EXCHANGE RATES

The following table sets forth, for the periods indicated, the high, low, average and period-end exchange rates for the purchase of U.S. dollars expressed in NIS per U.S. dollar. The average rate is calculated by using the average of the Bank of Israel's reported exchange rates on each day during a monthly period and on the last day of each month during an annual period. On November 17, 2017, the exchange rate as reported by the Bank of Israel was NIS 3.5190 to $1.00.

	Period-end	Average for Period	Low	High
		(NIS per U.S. dollar)		
Year Ended December 31:				
2012	3.7330	3.8438	3.7000	4.0840
2013	3.4710	3.6023	3.4710	3.7910
2014	3.8890	3.5928	3.4020	3.9940
2015	3.9020	3.8869	3.7610	4.0530
2016	3.8450	3.8406	3.7460	3.9830
Month Ended:				
October 31, 2016	3.8490	3.8217	3.7780	3.8560
November 30, 2016	3.8390	3.8429	3.7990	3.8760
December 31, 2016	3.8450	3.8287	3.7870	3.8670
January 31, 2017	3.7690	3.8182	3.7690	3.8600
February 28, 2017	3.6590	3.7291	3.6590	3.7680
March 31, 2017	3.6320	3.6493	3.6140	3.6930
April 28, 2017	3.6190	3.6497	3.6190	3.6810
May 30, 2017	3.5610	3.5794	3.5610	3.6160
June 30, 2017	3.4960	3.5319	3.4900	3.5580
July 31, 2017	3.5580	3.5509	3.4930	3.5900
August 31, 2017	3.5960	3.6011	3.5740	3.6280
September 30, 2017	3.5290	3.5375	3.5040	3.5840
October 31, 2017	3.5210	3.5124	3.4910	3.5420
November (through November 17, 2017)	3.5190	3.521	3.5060	3.5440

SELECTED FINANCIAL DATA

The following tables set forth our selected financial data. You should read the following selected financial and other data in conjunction with "Summary Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes included elsewhere in this prospectus. Historical results are not necessarily indicative of the results that may be expected in the future. Our financial statements have been prepared in accordance with IFRS as issued by the IASB.

The selected statements of comprehensive loss (income) data for each of the nine month periods ended September 30, 2017 and 2016 and the statement of financial position data for the nine months ended September 30, 2017 is derived from our unaudited condensed interim financial statements included elsewhere in this prospectus. The selected statements of comprehensive loss data for each of the years in the two-year period ended December 31, 2016 is derived from our audited financial statements included elsewhere in this prospectus.

	(unaudited) Nine Months Ended September 30,		(audited) Year Ended December 31,	
	2017	2016	2016	2015
	(In thousands, except shares and per share data)			
Statements of comprehensive loss:				
Research and development expenses	$ 1,686	$ 1,851	$ 2,648	$ 2,115
General and administrative expenses	5,267	2,296	2,719	1,586
Total operating loss	6,953	4,147	5,367	3,701
Financial (income) expense:				
(Income) loss from change in fair value of financial liabilities at fair value	403	(3,917)	(4,311)	447
Other financial expenses, net	66	112	143	134
Financial (income) expenses, net	469	(3,805)	(4,168)	581
Net comprehensive loss	$ 7,422	$ 342	$ 1,199	$ 4,282
Loss per ordinary share (1)				
Basic	$ 215	$ 10	$ 35	$ 124
Diluted	220	91	102	124
Weighted average number of ordinary shares used in computing basic loss per ordinary share(1)	34,544	34,396	34,409	34,396
Weighted average number of ordinary shares used in computing diluted loss per ordinary share(1)	37,098	51,958	51,972	34,396

(1) Basic and diluted loss per ordinary share in 2015 are the same because the financial instruments as described in the financial statements excluded from the calculation since their effect was anti-dilutive. See Note 13 to our financial statements included elsewhere in this prospectus for further details on the calculation of basic and diluted loss per ordinary share.

	(unaudited) As of September 30, 2017 (In thousands)
Statements of financial position data:	
Cash and cash equivalents	2,899
Restricted deposits	22
Other current assets	430
Total current assets	3,351
Property and equipment	215
Intangible assets	654
Total assets	$ 4,220
Accounts payable- Trade and other	1,003
Receipts on account of sale of Series B preferred shares	1,575
Short term convertible loans	11,695
Total current liabilities	14,273
Long term convertible loans	3,919
Preferred shares	8,841
Warrants to purchase preferred shares and shares	4,723
Liability to issue preferred shares and warrants	1,044
Severance pay obligations, net	56
Total liabilities	$ 32,856
Capital deficiency	$ (28,636)
Working capital[(1)]	$ (10,922)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes included elsewhere in this prospectus. 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 prospectus. You should read the following discussion in conjunction with "Special Note Regarding Forward-Looking Statements" and "Risk Factors" included elsewhere in this prospectus. We have prepared our 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 large molecule therapeutics for use in orphan indications and other areas with significant unmet medical need. We are initially applying our technology to develop an oral formulation of parathyroid hormone, or PTH, which has been approved in the United States in injectable form for over a decade. Our lead oral PTH product candidate, EB612, has successfully completed a Phase 2a trial for hypoparathyroidism, a rare condition in which the body fails to produce sufficient amounts of PTH. The FDA and the EMA have granted EB612 orphan drug designation for the treatment of hypoparathyroidism. We expect to initiate a Phase 2b/3 clinical trial of EB612 in the third quarter of 2018, and we plan to submit applications for regulatory approval of EB612 in the first half of 2020. We are also developing a distinct oral PTH product candidate, EB613, for the treatment of osteoporosis. We intend to commence a Phase 2a clinical trial of EB613 in the first half of 2018 and an additional Phase 2b clinical trial in the United States in 2018. We also are preparing to conduct a clinical trial of our oral PTH in bone healing. 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.

To date, we have funded our operations through sales of ordinary shares, preferred shares and warrants, and the incurrence of convertible loans and receipt of government grants. We have no products that have received regulatory approval and have never generated revenue. From our inception through September 30, 2017, we have raised an aggregate of $18.3 million to fund our operations, including $7.2 million from sales of our ordinary shares, Series A preferred shares and warrants, $10.6 million from convertible loans (of which an amount of approximately $1.0 million ($1.1 million including interest) was repaid in February 2017 and $8.5 million ($9.0 million including interest) was converted in October 2017 into Series B-1 preferred shares) and approximately $0.5 million of government grants. We were originally capitalized with $0.6 million of cash from D.N.A Biomedical Solutions Ltd., and a license to certain patent rights relating to the oral administration of proteins from Oramed Ltd., or Oramed, a subsidiary of Oramed Pharmaceuticals, Inc., and accordingly $0.6 million was recorded on our statements of financial position as an intangible asset based on the fair value of the ordinary shares issued in exchange for the license. In October 2017, we raised a total of $12.4 million from sales of our Series B preferred shares.

Since inception, we have incurred significant losses. For the nine months ended September 30, 2016 and 2017, our operating losses were $4.1 million and $7.0 million, respectively, and $3.7 million and $5.4 million for the years ended December 31, 2015 and 2016, respectively. We expect to continue to incur significant expenses and losses for the next several years. As of September 30, 2017, we had an accumulated deficit of $38.0 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 any future collaborations into which we may enter.

As of November 1, 2017, we had cash and cash equivalents of $12.8 million. In order to fund further operations, we expect that we will need to raise capital in addition to the net proceeds of this offering. We may seek these funds through a combination of private and 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. Our audited financial statements for the year ended

December 31, 2016 and our unaudited condensed interim financial statements for the nine months ended September 30, 2017, each included elsewhere in this prospectus, note that there is substantial doubt about our ability to continue as a going concern absent sources of additional liquidity. The 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 "Risk Factors—Risks Related to Our Financial Position and Need for Additional Capital."

As of September 30, 2017, we had 16 employees and one consultant who provides consulting services to us on a full-time basis. In addition, we have entered into service agreements with three of our directors. Our operations are located in a single facility in Jerusalem, Israel.

Patent Transfer Agreement 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 sublicensable 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 "Business—Oramed Patent Transfer Agreement."

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 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. 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. In addition, as disclosed under "Business—Manufacturing," we have signed a contract with a UK-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 UK 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 grants of $0.5 million.

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 "Business—The Israeli Innovation Authority Grant."

Financial Overview

Revenue

To date, we have not generated any revenue. 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 or enter into collaborative agreements with third parties.

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 research and development functions;
- expenses incurred in operating our laboratories and small-scale manufacturing facility;
- expenses incurred under agreements with contract research organizations, or CROs, and investigative sites that conduct our clinical trials;
- expenses relating 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 significantly increase in absolute dollars in future periods as we continue to invest in research and development activities related to the development of our product candidates.

Research expenses are 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, 2015 and 2016 and during the nine months ended September 30, 2017, 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 timing of initiation of clinical trials and enrollment of patients in clinical trials. For the nine months ended September 30, 2017, our research and development expenses were $1.7 million. For the years ended December 31, 2015 and December 31, 2016, our research and development expenses were $2.1 million and $2.6 million, respectively. Research and development expenses in the nine months ended September 30, 2017 and in the years ended December 31, 2015 and 2016 were primarily for the development of EB612. Research and development expenses are expected to increase as we advance the clinical development of EB612 and EB613 and our preclinical work on additional product candidates. We currently anticipate such expenses in the last quarter of 2017 to be in the range of $2.5 million to $2.7 million. 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 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 EB612, EB613 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 facility costs, communication expenses and professional fees for legal services, patent counseling and portfolio maintenance, consulting, auditing and accounting services.

We anticipate that our general and administrative expenses will increase following the completion of this offering due to many factors, the most significant of which include increased expenses associated with maintaining compliance with listing rules and SEC requirements as a result of becoming a publicly traded company, such as increased legal and accounting services, transfer agent and printing fees, addition of new headcount to support compliance and communication needs and increased insurance premiums.

Financial (Income) Expenses

Financial (income) expenses are comprised mainly of gains or losses resulting from the re-measurement of our convertible loan, Series A preferred shares, warrants to purchase Series A preferred shares and ordinary shares and liability to issue Series A preferred shares and warrants. In October 2017, we issued Series B preferred shares and converted the 2016 Convertible Loans into Series B-1 preferred shares. We will continue to record adjustments to the estimated fair value of the convertible loans, preferred shares, warrants to issue preferred shares and ordinary shares and liability to issue preferred shares and warrants until each are converted into our ordinary shares, after which we will no longer record any related periodic fair value adjustments.

Prior to the consummation of this offering, we will adjust our convertible loan liability and our liability to issue preferred shares and warrants to their fair value, evaluated based on the estimated public offering price. We expect to record additional financial expenses or income from the revaluation of our convertible loan liability, preferred shares, warrants and liability to issue preferred shares and warrants. Under the terms of the applicable agreements and pursuant to the IPO Transactions, the convertible loans and preferred shares will be automatically converted into our ordinary shares, and the warrants to purchase preferred shares will be automatically converted into warrants to purchase ordinary shares, upon the closing of this offering. In October 2017, we raised a total of $12.4 million from sales of our Series B preferred shares. In connection with the Series B Private Placement, the 2016 Convertible Loans were converted to our Series B-1 preferred shares. For further discussion, see “Summary—Recent Developments.”

Other financial expenses are comprised mainly of exchange rate differences of certain currencies against our functional currency.

Taxes on Income

We have not generated taxable income since our inception and as of December 31, 2016 had carry-forward tax losses of $9.9 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.

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. We have not created deferred tax assets on our tax loss carryforwards because their utilization is not expected in the foreseeable future.

Critical Accounting Policies and Estimates

We describe our significant accounting policies more fully in Note 2 to our audited financial statements included elsewhere in this prospectus. 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 financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. 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 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.

Share-Based Compensation

We have adopted a share-based compensation plan for employees, directors and service providers. As part of the plan, 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 vesting 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 lack of a public market for the trading of our shares 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 2015, 2016 and in the nine month period ended September 30, 2017, 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, 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. For the purpose of that valuation, we applied the applicable discount rate, projected commencement of sales and the probability of reaching sales. Following the Series B Private Placement, the fair value of our ordinary shares was based on the market approach and used a price per share of $908.78 per Series B preferred share from the Company’s preferred share issuance in October 2017 as a basis for fair market value.

Following this offering, the fair value of our ordinary shares will be determined based on the closing price of our ordinary shares on the NASDAQ Capital Market.

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:

	(unaudited) Nine Months ended September 30,		(audited) Year ended December 31,	
	2017	2016	2016	
	(in thousands)		(in thousands)	
Research and development	$ 142	$ 78	$ 130	$ 6
General and administrative	3,890	1,132	1,360	360
Total	$ 4,032	$ 1,210	$ 1,490	$ 366

Fair Value of Financial Liabilities Through Profit or Loss

The Series A preferred shares and warrants to purchase Series A preferred shares are classified as financial liabilities because of the liquidation rights and conversion rights associated with the Series A preferred shares and therefore are accounted for at fair value through profit or loss at each balance sheet date. The liability to issue Series A preferred shares and warrants are classified as contingent forward contracts and therefore are also accounted for at fair value through profit or loss at each balance sheet date. To determine the fair value of the convertible loans, Series A preferred shares, warrants and liability to issue Series A preferred shares and warrants, we use our 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. 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 is a valuation that is 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 or those of D.N.A Biomedical, in each case subject to adjustment) and warrants to purchase additional shares upon conversion of the applicable convertible loans, were evaluated based on a combination of the probability weighted expected return method and the back solve option pricing method model.

As of September 30, 2017, the valuation of the Company's financial liabilities was based on the market approach and used a price per share of $908.78 per Series B preferred share from the Company's preferred share issuance in October 2017 as a basis for fair market value. The following parameters were used:

	September 30, 2017
Series B preferred price per share	$908.78
Volatility	65%
Probability of entering Phase 2b/3 trial for EB612	70%
Probability for IPO /shares registration	85%

As of December 31, 2016 and 2015, the following parameters were used:

	December 31,	
	2016	2015
WACC	22%	19%
Value of equity*	$71 million	$76 million
Volatility	77%	77%
Commencement of sales	2021-2025	2018-2020
Probability for success in phase 2	—	44%
Probability of entering Phase 2b/3 trial for EB612	70%	
Probability for IPO/shares registration	50%	50%

* The value of equity as of December 31, 2016 and 2015 was based on the valuation of cash generating unit based on DCF. The primary assumptions used in the DCF valuations are as follows:

	December 31,	
	2016	2015
WACC	22%	19%
Commencement of sales	2021-2025	2018-2020
Probability of reaching sales	20.1%-37.9%	30%

The weighted average cost of capital, or the discount rate, was calculated by using the Capital Asset Pricing Model to determine the required return on equity and is based on certain assumptions used to determine the appropriate cost of debt and capital structure, as follows:

	December 31,	
	2016	2015
Risk free (1)	0.99%	0.81%
Market premium (2)	5.69%	5.81%
Specific risk (3)	16.29%	12.12%
Beta (4)	0.84	0.97
WACC	22%	19%

(1) U.S. Treasury Real Long-Term Rate.

(2) Based on publicly available estimates.

(3) Based on publicly available estimates and specific risk premium added, based on external appraiser opinion regarding the risk related to the capital raising required to execute our business plan.

(4) Based on a number of publicly traded companies which operate in the pharmaceuticals industry.

The probability of reaching sales was determined based on a publicly available research studies of a large number of clinical trials in various size and stages and indications and their associated success rates based on stage of clinical trials.

To determine the fair value of the Series A preferred shares, warrants to purchase Series A preferred shares and shares and liability to issue Series A preferred shares and warrants to purchase Series A preferred shares, we prepared a valuation of the fair value of each of these components. The three components were evaluated using a combination of the probability weighted expected return method and the back solve option pricing method model.

As of September 30, 2017 the valuation of the Company's financial liabilities was based on the market approach and used a price per share of $908.78 per Series B preferred share from the Company's preferred share issuance in October 2017 as a basis for fair market value. The following parameters were used:

	September 30
	2017
Series B preferred price per share	$908.78
Volatility	65%
Probability of entering Phase 2b/3 trial for EB612	70%
Probability for IPO /shares registration	85%

As of December 31, 2016 and 2015, the following parameters were used:

	December 31,	
	2016	2015
WACC	22%	19%
Value of equity*	$71 million	$76 million
Volatility	77%	77%
Commencement of sales	2021-2025	2018-2020
Probability for success in phase 2	—	44%
Probability of entering Phase 2b/3 trial for EB612	70%	
Probability for IPO/shares registration	50%	50%

* The value of equity as of December 31, 2016 and 2015 was based on the valuation of the cash generating unit based on DCF . The value of equity and primary assumptions are described above.

Results of Operations

Comparison of Nine Month Period Ended September 30, 2017 and 2016

	(unaudited) Nine Months Ended September 30,		Increase (Decrease)	
	2017	2016	$	%
	(In thousands, except for percentage information)			
Expenses:				
Research and development	$ 1,686	$ 1,851	$ (165)	(8.9)%
General and administrative	5,267	2,296	2,971	129.4%
Operating loss	6,953	4,147	2,806	67.7%
Financial (income) expenses, net	469	(3,805)	4,274	—
Net loss	$ 7,422	$ 342	$ 7,080	—

Research and development expenses. Research and development expenses for the nine months ended September 30, 2017 were $1.7 million, compared to $1.9 million for the nine months ended September 30, 2016, a decrease of $0.2 million, or 8.9%. The decrease in research and development expenses was primarily due to a decrease of $0.3 million in expenses for subcontractors and CROs for our ongoing Phase 1 study and certain toxicology studies, offset by an increase of $0.1 million for salaries and related employee expenses.

General and administrative expenses. General and administrative expenses for the nine months ended September 30, 2017 were $5.3 million, compared to $2.3 million for the nine months ended September 30, 2016, an increase of $3.0 million, or 129.4%. The increase in general and administrative expenses was primarily due to an increase of $3.0 million in salaries and related employee expenses of which $2.8 million resulted from an increase in share-based compensation expenses.

Financial income, net. Financial expenses, net for the nine months ended September 30, 2017 was $0.5 million, compared to a financial income, net of $3.8 million for the nine month period ended September 30, 2016. Financial expenses, net for the nine months ended September 30, 2017 resulted mainly from the change in the fair value of convertible loans, Series A preferred shares, warrants to purchase Series A preferred shares and liability to issue Series A preferred shares and warrants that were recorded as a financial liability at fair value through profit or loss. During the nine months ended September 30, 2017 and 2016, we recorded a loss of $0.4 million and a gain of $3.9 million, respectively, on the fair value of financial liabilities. For the assumptions used in the valuation of the convertible loans and preferred shares components, see “—Critical Accounting Policies and Estimate—Fair Value of Financial Liabilities Through Profit or Loss.”

Comparison of Years Ended December 31, 2016 and 2015

	Year Ended December 31,		Increase (Decrease)	
	2016	2015	$	%
	(In thousands, except for percentage information)			
Expenses:				
Research and development	$ 2,648	$ 2,115	$ 533	25.2%
General and administrative	2,719	1,586	1,133	71.4%
Operating loss	5,367	3,701	1,666	45.0%
Financial (income) expenses, net	(4,168)	581	(4,749)	—
Net loss (income)	$ 1,199	$ 4,282	$ (3,083)	—

Research and development expenses. Research and development expenses for the year ended December 31, 2016 were $2.6 million, compared to $2.1 million for the year ended December 31, 2015, an increase of $0.5 million, or 25.2%. The increase in research and development expenses was primarily due to an increase of $0.5 million in expenses for salaries and related employee expenses resulting from an increase in the number of employees (of which $0.1 million represented an increase in share-based compensation expenses), an increase of $0.3 million primarily due to expenses for materials and decrease of $0.3 million in expenses for subcontractors and CROs due to the successful completion of our Phase 2a trial in the third quarter of 2015.

General and administrative expenses. General and administrative expenses for the year ended December 31, 2016 were $2.7 million, compared to $1.6 million for the year ended December 31, 2015, an increase of $1.1 million, or 71.4%. The increase in general and administrative expenses was primarily due to an increase of $1.1 million in salaries and related employee expenses of which $1.0 million resulted from an increase in share-based compensation expenses.

Financial (income) expenses, net. Financial income, net for the year ended December 31, 2016 was $4.2 million, compared to financial expenses, net of $0.6 million for the year ended December 31, 2015. Financial income, net for the year ended December 31, 2016 resulted mainly from the change in the fair value of convertible loans, Series A preferred shares , warrants to purchase Series A preferred shares and shares and liability to issue Series A preferred shares and warrants that were recorded as a financial liability at fair value through profit or loss. During the years ended December 31, 2016 and 2015, we recorded a gain of $4.3 million and a loss of $447,000, respectively, on the fair value of financial liabilities. For the assumptions used in the valuation of the convertible loans and preferred shares components see "—Critical Accounting Policies and Estimate—Fair Value of Financial Liabilities Through Profit or Loss."

Liquidity and Capital Resources

Since inception, we have incurred significant losses. For the nine months ended September 30, 2016 and 2017, our operating losses were $4.1 million and $7.0 million, respectively, and $3.7 million and $5.4 million for the years ended December 31, 2015 and 2016, respectively. In addition, during the years ended December 31, 2016 and 2015 and currently, we have been cash constrained due to our limited funds. We expect to continue to incur significant expenses and losses for the next several years. As of September 30, 2017, we had an accumulated deficit of $38.0 million. Since our inception and through September 30, 2017, we have raised a total of $7.2 million from sales of our ordinary shares, Series A preferred shares and warrants, of which $0.6 million was recorded as an intangible asset based on the fair value of ordinary shares issued in exchange. In addition, we have raised $10.6 million from convertible loans (of which an amount of approximately $1.0 million ($1.1 million including interest) was repaid in February 2017 and an amount of $8.5 million ($9.0 million including interest) was converted in October 2017 to Series B-1 preferred shares), and $0.5 million from IIA grants. In October 2017, we raised a total of $12.4 million from sales of our Series B preferred shares. As of November 1, 2017, we had cash and cash equivalents of $12.8 million. Our primary uses of cash have been to fund research and development and working capital requirements, and we expect these will continue to be our primary uses of cash.

Funding Requirements

We expect that the net proceeds from this offering and our existing cash and cash equivalents will enable us to fund our research and development expenses, and working capital requirements for at least months after the closing of this offering and will be sufficient to enable us to undertake the following:

- complete our planned Phase 2b/3 clinical trials of EB612;
- complete our planned Phase 2a clinical trial of EB613; and
- expand our headcount and operations and operate as a public company.

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, EB612, EB613 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 extent to which we acquire or in-license other products and technologies; and
- our ability to establish collaborations on favorable terms, if at all.

Until such time, if any, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of private and public equity offerings, debt financings, government grants, strategic collaborations and licensing arrangements. 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 holder of our ordinary shares. 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. 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 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 financial statements for the year ended December 31, 2016 and our unaudited condensed interim financial statements for the nine months ended September 30, 2017, each included elsewhere in this prospectus, 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 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 substantial doubt about our ability to continue our operations without an additional infusion of capital from external sources. The audited 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 in this offering would lose all or a part of their investment.

Cash Flows

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 (unaudited)

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

	Nine Months ended September 30,	
	2017	2016
	(in thousands)	
Cash used in operating activities	$ (2,865)	$ (2,224)
Cash provided by (used in) investing activities	1,006	(1,102)
Cash (used in) provided by financing activities	595	7,216
Foreign exchange differences on cash and cash equivalents	-	-
Net (decrease) increase in cash and cash equivalents	$ (1,264)	$ 3,890

Net Cash Used in Operating Activities

Net Cash used in operating activities for the nine months ended September 30, 2017 was $2.9 million, consisting primarily of our operating loss of $7.0 million arising mainly from research and development expenses and general and administrative expenses, partially offset by $4.0 million of share-based compensation and by a $0.1 million decrease in working capital.

Net Cash used in operating activities for the nine months ended September 30, 2016 was $2.2 million, consisting primarily of our operating loss of $4.1 million arising mainly from research and development expenses and general and administrative expenses, partially offset by $1.2 million of share-based compensation, a $0.3 million decrease in working capital and $0.4 million in transaction expenses related to the 2016 Convertible Loan presented in cash provided by financing activities.

The increase in cash used in operating activities for the nine months ended September 30, 2017 compared to the same period of 2016, was mainly due to an increase of $0.4 million in expenses for salaries and related employee expenses in addition to an increase for professional services of $0.4 million.

Net Cash Provided by (Used in) Investing Activities

Net Cash Provided by investing activities for the nine months ended September 30, 2017 consisted primarily of a decrease in restricted deposits of $1.1 million used for the payment of a portion of the 2015 Convertible Loan.

Net Cash used in investing activities for the nine months ended September 30, 2016 consisted primarily of an investment in restricted deposits of $1.1 million to secure the repayment of short-term convertible loans.

Net Cash Provided (Used in) by Financing Activities

Net Cash used in financing activities for the nine months ended September 30, 2017 resulted from a $1.6 million increase on account of receipts of the amounts from the issuance of Series B preferred shares and a $1.0 million decrease from the repayment of a portion of the 2015 Convertible Loan.

Net Cash provided by financing activities for the nine months ended September 30, 2016 resulted from net proceeds of $7.2 million from convertible loans and warrants to purchase our shares.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

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,	
	2016	2015
	(in thousands)	
Cash used in operating activities	$ (3,142)	$ (3,495)
Cash used in investing activities	(1,116)	(54)
Cash provided by financing activities	7,216	4,465
Foreign exchange differences on cash and cash equivalents	-	(1)
Net increase in cash and cash equivalents	$ 2,958	$ 915

Net Cash Used in Operating Activities

Net Cash used in operating activities for the year ended December 31, 2016 was $3.1 million and consisted primarily of our operating loss of $5.4 million arising mainly from research and development expenses and general and administrative expenses, partially offset by $1.5 million of share-based compensation and by a $0.4 million decrease in working capital.

Net Cash used in operating activities for the year ended December 31, 2015 was $3.5 million and consisted primarily of our operating loss of $ 3.7 million arising primarily from research and development activities and general and administrative expenses partially offset by $0.4 million of share-based compensation. The decrease in cash used in operating activities from 2015 to 2016 was mainly due to a change in our working capital due to a decrease in prepaid expenses in the amount of $0.5 million of which $0.2 was for inventory of materials and $0.2 million for professional services, partially offset by $0.2 million decrease in account payables.

Net Cash Used in Investing Activities

Net Cash used in investing activities for the year ended December 31, 2016 consisted primarily of an investment in restricted deposits of $1.1 million to secure the repayment of short-term convertible loans.

Net Cash used in investing activities for the year ended December 31, 2015 was immaterial and resulted from the purchase of fixed assets.

Net Cash Provided by Financing Activities

Net Cash provided by financing activities for the year ended December 31, 2016 resulted from net proceeds of $7.2 million from convertible loans and warrants to purchase our shares.

Net Cash provided by financing activities for the year ended December 31, 2015 in the amount of $4.5 million resulted from proceeds of $2.5 million from the issuance of Series A preferred shares and warrants and $2.0 million from the incurrence of convertible loans and issuance of warrants.

Contractual Obligations and Commitments

The following tables summarize our contractual obligations and commitments as of December 31, 2016 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	$ 35	$ 35	—	—	—
2012 Convertible loan	1,288	34	—	—	1,254
2015 Convertible loan	1,053	1,053	—	—	—
2016 Convertible loan	9,135	9,135	—	—	—
Total	$ 11,511	$ 10,257	$ -	$ -	$ 1,254

Convertible Loans

2012 Convertible Loan

On November 8, 2012 and December 31, 2012, we entered into loan agreements with certain lenders, or the 2012 Convertible Loans. Pursuant to these agreements, the lenders loaned us an aggregate amount of $1.2 million. The 2012 Convertible Loans bear interest at a rate of 0.6% per year, which is to be paid every five years, and are due and payable after a term of 20 years. Interest expenses of $138,000 to be incurred through maturity are included in the table above. Each of the lenders has the right during the term to convert its respective loan amount into our ordinary shares at a conversion price of $240.26 per ordinary share (subject to adjustment), and for a period of the initial five years of the term of the loan agreement to exchange all such ordinary shares received into ordinary shares of D.N.A Biomedical at the rate of one of our ordinary shares for 5,590 ordinary shares of D.N.A Biomedical (subject to adjustment). Under the terms of the 2012 Convertible Loans, the outstanding loan amounts will be automatically converted into our ordinary shares upon the closing of this offering, and therefore these loans will no longer be outstanding after this offering.

2015 Convertible Loan

On August 5, 2015, we entered into a Convertible Promissory Note and Loan Agreement with certain lenders, or the 2015 Convertible Loan. Pursuant to the loan agreement for the 2015 Convertible Loan, the lenders loaned us an aggregate amount of $2.005 million. The 2015 Convertible Loan bore interest at a rate of 5% per year. Under its terms, the 2015 Convertible Loan was to be automatically converted into shares upon the occurrence of the following events, each a 2015 Triggering Event: an initial public offering, a private placement of equity securities or securities convertible into equity securities in an aggregate amount of no less than $10 million or a change of control. In connection with any such 2015 Triggering Event, the 2015 Convertible Loans would have been converted into the equity securities and/ or securities convertible into equity securities of the Company that were issued in such a transaction, at a 25% discount.

In addition, we issued to each lender under the 2015 Convertible Loan warrants, or the 2015 Warrants, to purchase an additional 40% of the amount of our securities that would have been issued to such lender as a result of the automatic conversion upon a 2015 Triggering Event at an exercise price of 125% of the applicable price per share. The 2015 Warrants were exercisable for the earlier of two years from the warrant issuance date or one year from the consummation of an initial public offering. As part of the 2016 Convertible Loan as discussed below, we granted the lenders a right to roll-over the 2015 Convertible Loan into the 2016 Convertible Loan. The lenders elected to roll-over an amount of $1.057 million into the 2016 Convertible Loan and the remainder, in an amount of $1.053 million (including interest and principal), was repaid by us in February 2017. There are no amounts outstanding under the 2015 Convertible Loans, and none of the 2015 Warrants remain outstanding, and as a result, the 2015 Convertible Loan agreement is no longer in force.

2016 Convertible Loan

On June 14, 2016, the Company entered into the 2016 Convertible Loan with certain lenders for an aggregate amount of approximately $7.44 million, or the 2016 Convertible Loan. In addition, an amount of $1.057 million of the 2015 Convertible Loan rolled over to the 2016 Convertible Loan. The 2016 Convertible Loan provided for a term of 18 months and bore interest at a rate of 5% per year. The 2016 Convertible Loan also granted each lender the right to invest, in the next share issuance by the Company, an amount not to exceed the amount such lender invested in the 2016 Convertible Loan, at a price per share of the shares issued in such issuance.

The 2016 Convertible Loan was to be automatically converted into shares upon the occurrence of any of the following events, each a 2016 Triggering Event: an initial public offering in which we raise at least $20 million, a private placement of our equity securities in an aggregate amount of not less than $10 million, or a change of control. In addition, we issued to each lender under the 2016 Convertible Loan warrants to purchase an additional 40% of the amount of our securities issued to such lender as a result of the automatic conversion following a 2016 Triggering Event.

Following the completion of the Series B preferred shares purchase agreement (as discussed below), which constituted a 2016 Triggering Event, the loan amount, together with all accrued interest, was converted into Series B-1 preferred shares. In addition, the Series B preferred shares purchase agreement set the price and the amount of

shares for which the holders of the previously issued 2016 Warrants (as described below) are entitled to exercise their 2016 Warrants. The 2016 Warrants are exercisable until June 2020, and will be exercisable into an aggregate of ordinary shares following the completion of this offering.

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 September 30, 2017, our severance pay liability, net was $56,000. 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. 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 "—Patent Transfer Agreement and Grant Funding."

Off-Balance Sheet Arrangements

Since our inception, we have not engaged in any off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. 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. Fluctuations in the New Israel Shekel, or 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. 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.

Recently Issued and Adopted Accounting Pronouncements

IFRS 9 "Financial Instruments"

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial

asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, and for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018. We are currently evaluating the impact of adoption of this standard on our financial statements.

IFRS 16 "Leases"

In January 2016, the IASB issued IFRS 16, Leases, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17, Leases. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and instead introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of lease assets separately from interest on lease liabilities in the income statement. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective from January 1, 2019 with early adoption allowed only if IFRS 15, Revenue from Contracts with Customers, is also applied. We are currently evaluating the impact of adoption of this standard on our financial statements.

JOBS Act Exemptions

On April 5, 2012, the U.S. Congress enacted the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. This means that an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Given that we currently report and expect to continue to report our financial results under IFRS as issued 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.

Subject to certain conditions set forth in the JOBS Act, as an "emerging growth company," we intend to rely on other exemptions, including without limitation, (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404 and, (ii) complying with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis). These exemptions will apply for a period of five years following the completion of our initial public offering or until we are no longer an "emerging growth company." We would cease to be an emerging growth company if we have more than $1.07 billion in annual revenue, have more than $700 million in market value of our ordinary shares held by non-affiliates or issue more than $1.0 billion of non-convertible debt over a three-year period.

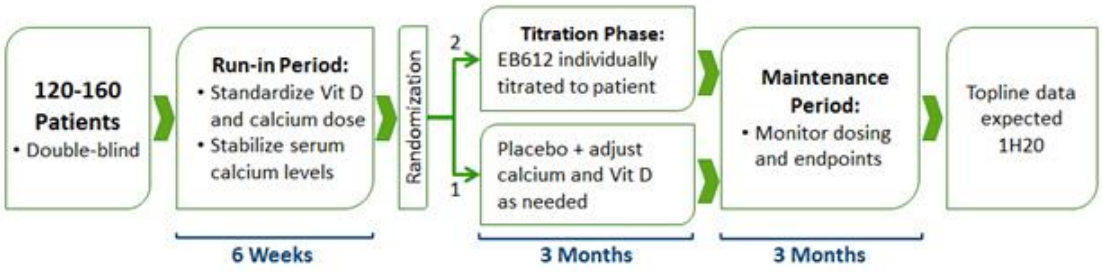
BUSINESS

We are a clinical-stage biopharmaceutical company focused on the development and commercialization of orally delivered large molecule therapeutics for use in orphan indications and other areas with significant unmet medical need. We are initially applying our technology to develop an oral formulation of parathyroid hormone, or PTH, which has been approved in the United States in injectable form for over a decade. Our lead oral PTH product candidate, EB612, has successfully completed a Phase 2a trial for hypoparathyroidism, a rare condition in which the body fails to produce sufficient amounts of PTH. The FDA and the EMA have granted EB612 orphan drug designation for the treatment of hypoparathyroidism. We expect to initiate a Phase 2b/3 clinical trial of EB612 in the third quarter of 2018, and we plan to submit applications for regulatory approval of EB612 in the first half of 2020.

Hypoparathyroidism is a rare condition in which the body does not produce sufficient amounts of PTH, or the PTH produced lacks biologic activity. Individuals with a deficiency of PTH typically exhibit abnormally low levels of calcium in the blood, or hypocalcemia, and high levels of phosphorus, or hyperphosphatemia. Hypoparathyroidism is estimated to affect approximately 58,700 insured individuals in the United States. Historically, the treatments for hypoparathyroidism have been calcium supplements, vitamin D supplements and phosphate binders, the chronic use of which results in serious side effects with significant costs to the healthcare system. Natpara®, a once-daily injectable form of PTH, has been approved for the treatment of hypoparathyroidism. Our lead product candidate, EB612, is delivered orally and can be administered in customized doses several times a day. Multiple dosing per day has been shown to more effectively treat the symptoms of hypoparathyroidism than a once-daily injection, thus reducing the serious side effects of supplement treatment and improving patient outcomes. Studies performed by researchers at 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. In addition, we believe patients generally prefer oral drugs. For these reasons, we believe EB612 is clinically superior to existing therapies and has the potential to become the standard of care for hypoparathyroidism.

In the third quarter of 2015 we successfully completed our Phase 2a trial for EB612. The end points in the trial were met, and 17 subjects completed the four-month trial and reported no related adverse events. Although our Phase 2a trial involved a smaller number of patients, was conducted for a shorter duration and did not include an initial optimization period in comparison to the design of the pivotal trial used for regulatory approval of Natpara, the REPLACE study, our Phase 2a trial still showed the potential for similar efficacy, a result that we plan to confirm by conducting a Phase 2b/3 trial, which will further evaluate the dosage, effectiveness and safety profile of EB612 in an expanded patient population at multiple trial sites. We believe that EB612 will have inherent advantages compared to injectable forms, including convenience of application, the fact that no special preparations are required and the fact that no restrictive storage conditions are necessary. 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 trials, we believe this combination of advantages and long term clinical benefits will be very compelling to both patients and physicians.

Based on consultations with key opinion leaders in the hypoparathyroidism field who have reviewed our Phase 2a results and are familiar with the REPLACE study are planning for a Phase 2b/3 trial, designed to possibly be a pivotal study for registration. This Phase 2b/3 study will be designed to repeat the REPLACE study in virtually every aspect, as well as to achieve a reduction in urinary calcium.



Proposed design for EB612 Phase 2b/3 pivotal trial

We are also developing a distinct oral PTH product candidate, EB613, for the treatment of osteoporosis. Osteoporosis is a systemic skeletal disease characterized by low bone mass, deterioration of bone tissue and increased bone fragility and susceptibility to fracture. An estimated 10 million people in the United States already have osteoporosis, and another approximately 43 million have low bone mass placing them at increased risk for osteoporosis. PTH plays a key role in the ongoing process of formation and degradation of bones. Forteo®, a once-daily injectable form of PTH, has been approved for the treatment of osteoporosis in the United States for over 10 years and is widely considered one of the most effective treatments due to its ability to build bone. Because our product candidate EB613 is oral, we believe it will reduce the treatment burden on patients and lead to significantly higher patient and physician acceptance compared to an injectable form of PTH. We intend to commence a Phase 2a clinical trial of EB613 in the first half of 2018. After completing this trial, we intend to collaborate with a strategic partner to further develop and commercialize EB613. We also are preparing to conduct a clinical trial of our oral PTH in non-union fractures, one indication within the field of bone healing.

Our product candidates utilize our proprietary technology for the oral delivery of large molecules. Drug development has shifted towards the use of peptides, proteins and other large molecules for the treatment of various diseases. Between 1993 and 2004, large-molecule clinical approval success rates have outpaced small molecules by about two-to-one. Large molecules have been particularly widely used in orphan indications. Oral drug delivery reduces the treatment burden on patients relative to injectable drugs and provides significantly more flexibility, both in size of dose and number of doses per day, than injectable drugs, which are frequently administered once per day by preset injection pen. However, peptides, proteins and other large molecule therapeutics can currently only be delivered via injections and other non-oral pathways because oral administration leads to poor absorption into the blood stream as well as enzymatic degradation within the gastrointestinal tract.

Our proprietary oral drug delivery technology is designed to address both of these issues 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 also intend to use our technology as a platform for the oral delivery of other protein and large molecule therapeutics. We initially intend to focus on the development of products 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 approval pathways. We have conducted initial feasibility studies with a number of candidates and intend to commence clinical development for our next, non-PTH, product candidate by the end of 2018.

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

Program	Indication	Pre-Clinical	Phase I	Phase II	Phase III	Status
EB612 **PTH 1-34**	Phase 2a complete — Hypoparathyroidism					· Phase 2a complete · Pivotal Phase 2b/3 initiation expected 3Q18xxx · Topline Data expected 1H20
EB613 **PTH 1-34**	Phase 1 complete — Osteoporosis					· Phase 2a initiation expected 1H18
	Phase 1 complete — Non-union fractures					· Phase 2a initiation expected 1H18

We commenced operations in August 2010 after receiving startup financing in the form of $0.6 million in cash from D.N.A Biomedical Solutions Ltd. and a license from Oramed Ltd., a subsidiary of Oramed Pharmaceuticals, Inc., to certain patent rights relating to the oral administration of proteins. These previously licensed patent rights were assigned to us in 2011, subject to an exclusive, royalty-free license in specified fields under such patent rights that we granted to Oramed Ltd.

We subsequently advanced our oral PTH product candidates from preclinical studies in animals to a Phase 2a clinical trial of EB612 in hypoparathyroidism in less than five years.

While our operations are currently focused in our offices in Israel, we intend to build a substantial U.S. presence to execute on our later stage development of our products, including clinical operations, regulatory operations, and commercialization. The following chart summarizes important information about each of our current product candidates, including their indications, and their current stage of development. We have not out-licensed any intellectual property rights to our PTH product candidates listed below, and, therefore, have retained the ability to pursue their worldwide commercialization.

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 need. The key elements of our strategy to achieve this goal are to:

- *Advance our lead product candidate, EB612, through clinical development and into commercialization for the treatment of hypoparathyroidism*: We completed a Phase 2a clinical trial of EB612 for the treatment of hypoparathyroidism and reported supportive results in the third quarter of 2015. We plan to initiate a Phase 2b/3 clinical trial of EB612 in hypoparathyroidism in the United States commencing in the third quarter of 2018 and the filing of a BLA with the FDA for approval of EB612 in 2020.

- *Produce supportive clinical data for our second product candidate, EB613, for the treatment of osteoporosis, before advancing into late-stage clinical trials*: We are currently preparing to commence a Phase 2a clinical trial of EB613 in the first half of 2018. After we complete this trial, we intend to collaborate with a strategic partner to further develop and commercialize the product.

- *Leverage our expertise in the oral delivery of PTH to develop product candidates in additional indications*: We intend to conduct exploratory Phase 2 studies for the use of our oral PTH candidates in additional indications in which PTH plays a key biological role, including non-union fractures, one indication within the field of bone healing. We plan to use EB613, or a further modified formulation if studies suggest we could achieve a PK profile that is more efficacious, for these indications. We also plan to apply our drug delivery technology to other large molecules with chemical and other characteristics that would be advantageous with our technology in order to target orphan indications and other areas with significant unmet medical need.

- *Improve the efficacy profile of large molecule therapeutics through the application of our proprietary oral delivery technology*: Oral drug delivery lowers the treatment burden on patients relative to injectable drugs, leading to higher patient and physician acceptance. However, 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. Our technology is designed to overcome both of these issues by enabling enhanced systemic absorption of large molecules and slowing their enzymatic degradation.

- *Focus our development and commercialization efforts on indications with significant unmet medical need*: We are focused on the development of orally delivered large molecule therapeutics for the treatment of orphan indications and other indications with significant unmet medical need. Between 1993 and 2004, large-molecule clinical approval success rates have outpaced small molecules by about two-to-one and there are a wide range of large-molecules candidates within the orphan space for potential use with our oral drug delivery technology. For product candidates that target orphan indications, we intend to retain commercialization rights within key territories, including the United States, because of the ability to commercialize with a small sales force. For product candidates that target indications with larger patient populations, we may choose to partner with larger biopharmaceutical companies ahead of late stage development and commercialization.

- *Initially develop products based on FDA-approved large molecule therapeutics*: By initially focusing on the development of product candidates that apply our technology to FDA-approved large molecule therapeutic agents with known mechanisms of action, we believe we can reduce the development risks associated with our product candidates. We believe this will allow us to advance our product candidates efficiently and predictably through the development cycle.

Our Technology

We are focused on the development and commercialization of product candidates that leverage our proprietary technology for the oral delivery of large molecule therapeutics. Recently, 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.

Currently, peptides, proteins and other large molecule therapeutics can only be 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 nevertheless manage to attain only very low bioavailability (less than 1%). Orally-delivered large molecules with low systemic levels present high variability of dose exposure, both between patients and within the same patient at different times of administration since small changes in the level of absorption lead to significant changes in the bioavailability. Absorption variability is generally decreased as the drug bioavailability is increased.

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, 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 selected 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 be benefit from the use of our oral delivery technology, they must demonstrate a number of specific characteristics, including:

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

Based on these criteria, the first product candidate we chose to pursue was PTH, which has the potential for therapeutic use in a number of indications including hypoparathyroidism, osteoporosis and non-union fractures.

Our Product Candidates

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

Program	Indication	Description	Stage of Development	Status
EB612	Hypoparathyroidism	Oral PTH (1-34)	Phase 2a completed	Phase 2a successfully completed; results reported Q3 2015 Pharmacokinetic/pharmacodynamic, or PK/PD, study head to head with Natpara in hypoparathyroid patients expected in Q1 2018 Phase 2b/3 initiation in United States, Europe, Israel and Canada expected Q3 2018 Topline data expected H1 2020
EB613	Osteoporosis	Oral PTH (1-34)	Phase 1	Phase 2a initiation expected Q1 2018 In 2019, intend to partner with a larger biopharmaceutical company for the clinical development and commercialization
Oral PTH	Non-union fractures	Oral PTH (1-34)	Preclinical	Phase 2a initiation expected Q1 2018

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 form of PTH that is comprised of only the

first 34 amino acids, or PTH (1-34), can be used as a treatment for a number of indications, including hypoparathyroidism, osteoporosis and non-union fractures. An injectable form of PTH (1-34), marketed under the name Forteo, has been approved in the United States for more than 10 years and has been used by millions of patients for the treatment of osteoporosis. An injectable form of full length PTH (1-84), marketed under the name Natpara, has also recently been approved for the treatment of hypoparathyroidism. We are developing a number of distinct oral PTH (1-34) tablets, with significant differences in dose and pharmacokinetic, or PK, profile that can be used for a number of proposed indications. We believe that our oral PTH product candidates, if approved, have the potential to become the standard of care for patients with hypoparathyroidism, osteoporosis 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 a very low basal level of 15-25 pg/ml (pg = 10^{-12} g). On top of the basal PTH levels, there are physiological pulses two to three times per day presented as transient increases in PTH levels reaching up to 35 pg/ml. While the basal level helps maintain calcium and phosphate homeostasis, 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 constantly being remodeled. Absent these pulses, it is difficult for the body to regulate normal homeostatic processes.

EB612 for Hypoparathyroidism

Hypoparathyroidism

We are focused on the development of oral PTH (1-34) for hypoparathyroidism, which, if approved, we believe 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 or the PTH produced 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 system and central nervous system. 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, or idiopathic reasons or occur in association with a number of different underlying disorders. In rare cases, hypoparathyroidism may occur as a genetic disorder.

The prevalence of hypoparathyroidism is estimated to be 37 per 100,000 in the United States, with 78% of cases caused by surgery, 7% due to genetic disorder and 6% 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.

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 calcium homeostasis in the serum, or blood plasma, throughout the day for normal body functioning. It then falls upon the kidneys to dispose of excess calcium and maintain precise control of serum calcium levels. Over potentially years of treatment, kidney stones may develop, and ultimately kidney failure may occur. Even with the use of calcium and vitamin D supplements and other medications, the majority of patients with hypoparathyroidism continue to experience multiple severe physical and cognitive symptoms.

Until recently, hypoparathyroidism was the only hormonal insufficiency state that did not have an approved hormone replacement therapy. NPS Pharmaceuticals, Inc., a biopharmaceutical company that was acquired by Shire plc in February 2015, developed Natpara, a recombinant form of human PTH (1-84), as an injectable hormone replacement therapy for the underlying cause of hypoparathyroidism, lack of PTH. Natpara is administered once daily with a pre-set injection pen. Natpara was approved by the FDA in January 2015 launched commercially in the United States later in 2015.

In September 2014, an advisory committee of the FDA reviewed the Natpara BLA. This advisory committee review of Natpara highlighted a number of observations. In its briefing to the advisory committee, the FDA noted 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.

We believe EB612 is differentiated from 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.

- *EB612is expected to have less adverse events of hypercalcemia*. Our planned treatment regimen would be increased gradually and in parallel as serum calcium increases slightly. As a result, calcium and vitamin D supplements 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 risk of prolonged hypercalcemia compared to EB612.

- *EB612 can be administered in a more convenient manner*. Natpara must be stored under restrictive conditions (refrigeration requiring no freezing and no shaking), and a multiple step preparation must be performed every two weeks. EB612 will not require such additional preparations and will have no significant storage restrictions, except potentially for refrigeration.

EB612, if approved, could be administered several times a day in customized doses and could therefore more specifically regulate calcium and phosphate levels throughout the day without the side effects associated with a highly concentrated once-daily injection. We believe this would alleviate the symptoms of hypoparathyroidism while reducing the need for calcium and vitamin D supplements, thus also lessening the side effects of supplement treatment. 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 hypoparathyroidism.

Overview of EB612

Our lead product candidate, EB612, is an oral formulation of PTH (1-34). 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 for the oral delivery of large molecule therapeutics. 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 safe 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.

Our oral PTH (1-34) also displayed positive pharmacokinetic profiles, or PK, and pharmacodynamic, or PD, properties, in particular compared to commercially available injectable PTH (1-34) (Forteo).

The following summarizes our clinical development of EB612 to date:

We have conducted 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.

We conducted an extended Phase 1b clinical trial in an additional 30 subjects to test a variety of manufacturing technologies with multiple formulations and dosing regimens of our oral PTH.

We completed a Phase 2a trial. The end points in the trial were met, and 17 subjects completed the four-month trial and reported no confirmed related serious or significant adverse events as defined by the study protocol.

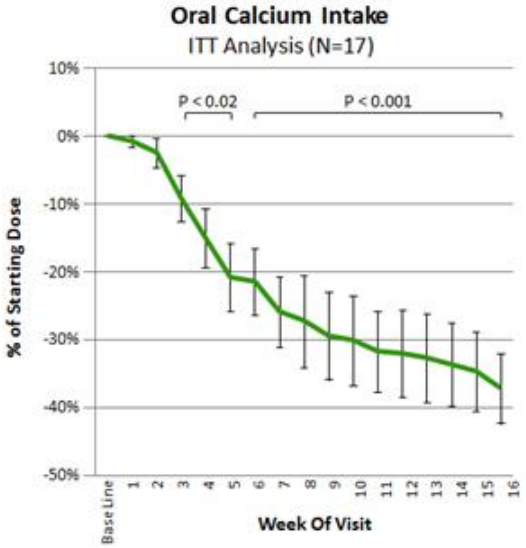
We believe that EB612 will have inherent advantages compared to injectable forms, including convenience of application, the fact that no special preparations are required and the fact that no restrictive storage conditions are necessary. Additionally, based on the results of our preliminary studies, 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 trials, we believe this combination of advantages and long term clinical benefits will be very compelling to both patients and physicians.

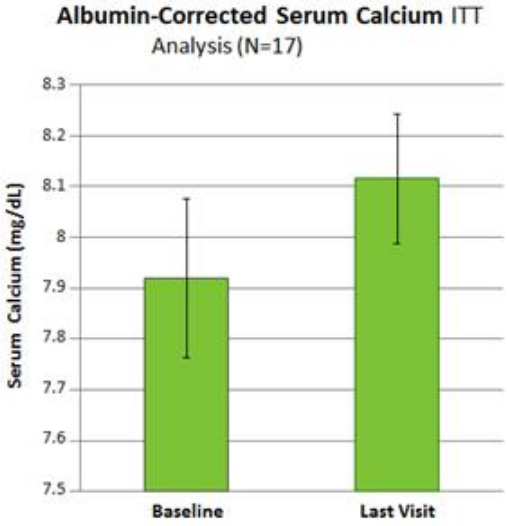
Phase 2a Clinical Trial

In 2015, we successfully completed a Phase 2a clinical trial of EB612 in hypoparathyroidism patients. The end points in the trial were met, and 17 subjects completed the four-month trial and reported no related adverse events.

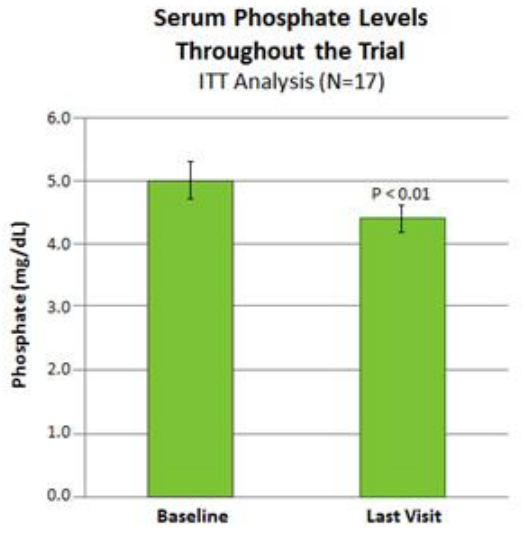
While we have not conducted direct head-to-head studies comparing EB612 to Natpara, based on a review of the clinical data presented in Natpara's REPLACE study and our Phase 2a results, we believe EB612 potentially provides a more favorable therapy for hypoparathyroidism patients. Although our Phase 2a study involved a smaller number of subjects (N=17 vs. N=84 + 40 placebo), lasted for a shorter duration (four months vs. six months) and did not include an 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 study (baseline vs. end of treatment). In addition, serum phosphate levels were significantly reduced into their normal range an hour after the study drug was taken (11% reduction, $p<0.01$), and lower serum phosphate levels were maintained for the duration of the study and until the final treatment day (14% reduction, $p< 0.01$). Furthermore, based on our preliminary results from our Phase 2a trial, as compared to Natpara injection, we believe that EB612 may carry a lower risk of adverse events.

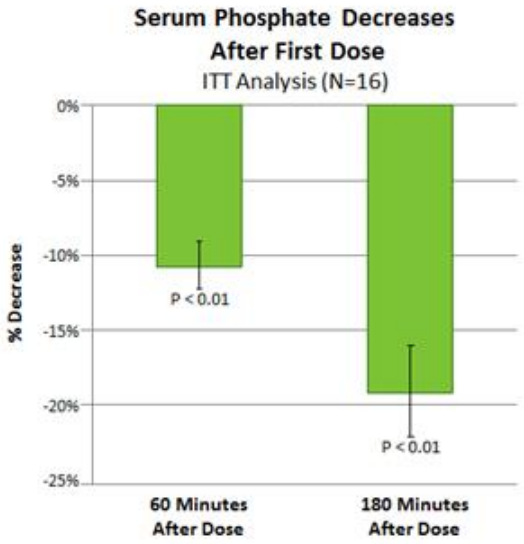
Primary endpoints: Calcium intake reduced while serum levels were maintained or improved during Phase 2a





Secondary endpoints: decrease in phosphate levels observed during Phase 2a





In the Phase 2a trial there were no confirmed related serious or significant adverse events as defined by the study protocol. There was one unrelated serious adverse event of hypercalcemia which occurred in one patient prior to the administration of the study drug for the first time. One other subject in the Phase 2a trial, who withdrew from the trial after the first day, experienced four adverse events (mild nausea, moderate back pain, moderate headache and moderate upper abdominal pain). These four adverse events are likely to be unrelated but as this could not be confirmed following the patient's withdrawal from the study, they were recorded as 'possibly related.'

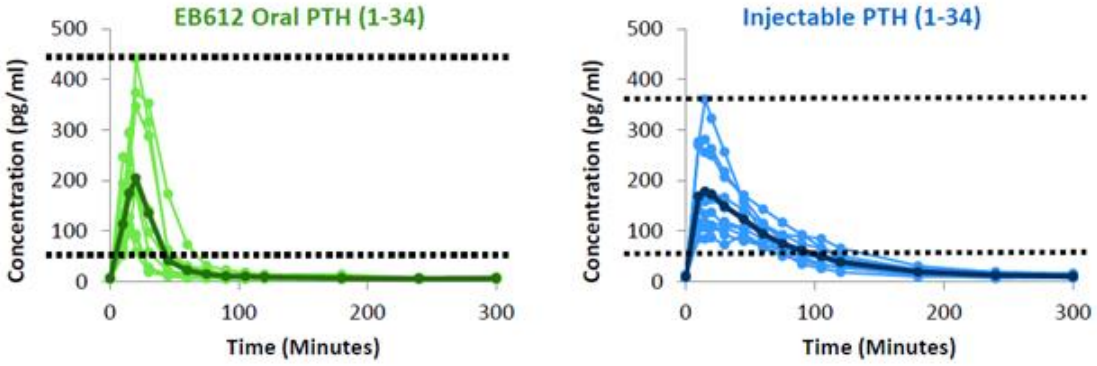
Based on consultations with key opinion leaders in the hypoparathyroidism field who have reviewed our Phase 2a results and are familiar with the REPLACE study, we are planning for a Phase 2b/3 trial, designed to possibly be a pivotal study for registration. This Phase 2b/3 study will be designed to repeat the REPLACE study in virtually every aspect, as well as to achieve a reduction in urinary calcium. The planned primary endpoints will be a reduction

in calcium intake, reduction in active vitamin D and a serum calcium level of 7.5-9.5 mg/dL. A key secondary endpoint, which is relevant for the subset of patients with hypercalcemia, will be a reduction in urinary calcium. Finally, other secondary endpoints include a reduction in serum phosphate. We anticipate commencing this Phase 2b/3 clinical trial in the third quarter of 2018 and that final data will be released in the first half of 2020.

Phase 1b Clinical Trial

In order to continually improve our formulations and evaluate different manufacturing technologies, we undertook an extended Phase 1b clinical trial. This clinical trial was designed to emulate multiple Phase 1b clinical trials, in that it evaluated production methods, and multiple formulations and administration regimens of our oral PTH (1-34) for safety, bioavailability, PK and PD data. This open-label clinical trial is designed to compare our various oral formulations of PTH (1-34) to injectable PTH (1-34) in 30 healthy male volunteers. Each subject was administered a 20 µg dose of injectable PTH (1-34) during the first visit to establish a baseline for comparison.

Subsequently, different formulations of our oral PTH are administered during eight successive visits, each separated by at least a 48-hour washout period. The different formulations include modifications in PTH dose (0.5mg – 2.5mg) and ratios of PTH to excipients, as well as changes in production method and administration parameters. The primary purpose of this clinical trial is to allow us to test a variety of manufacturing technologies. As a result of this clinical trial we have been able to further optimize the formulation and achieve an increased bioavailability and reduced variability.



Formulation	Participants	Cmax (pg/ml)	Tmax (min)	Coefficient of Variation (%)
EB612 Oral PTH	10	235.6 ± 36	16.5 ± 1.2	48
Injectable PTH	10	184.2 ± 26	16 ± 1.8	45

Low inter- and intra-patient variability observed in EB612 Phase 1b

Completed Phase 1 a Clinical Trial

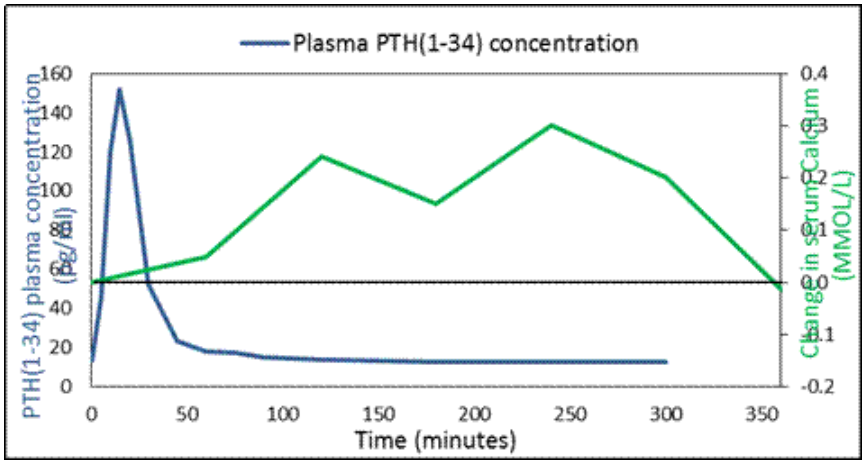
Following proof-of-concept and safety studies in various animal models, we conducted a Phase 1a clinical trial to assess the safety and pharmacokinetic profile of our oral PTH. The clinical trial was designed as a three-stage study in 42 healthy volunteers. The first stage, in which 24 subjects participated, was blinded and placebo-controlled for the study drug and placebo, and open label for subcutaneous injection of PTH (1-34). In the second, dose-escalation, stage, six new subjects were administered different formulations with modifications in PTH dose and ratios of PTH to excipients, with doses up to 1.5 mg. In the third stage, the best formulation of our oral PTH, selected based on data from the second stage, was compared to placebo and subcutaneous injection of PTH (1-34) in 12 healthy subjects. The primary endpoint of the clinical trial was safety. Bioavailability was also evaluated, and in the second and third stages PK and PD data were also collected.

The clinical trial began in August 2011 and was completed in early 2013. This clinical trial was conducted over an extended period of time as multiple formulations of oral PTH (1-34) were tested. In typical Phase 1 clinical trials, one formulation is tested for safety and, perhaps, PK and PD profile. Therefore, the results from our Phase 1a clinical trial effectively represent the equivalent of nine separate Phase 1 clinical trials. By combining these nine clinical trials into one protocol, we were able to achieve significant economies of scale and time.

No significant adverse events were reported in any of the 72 subjects participating in the Phase 1 clinical trials (including the Phase 1b clinical trial detailed above). However, there were some expected transient and minor drug related adverse events such as minor hypercalcemia in one subject and minor tachycardia in two subjects. There were also two possibly related mild adverse events: anemia in one subject and nausea in one subject. There was also one subject who experienced three mild adverse musculoskeletal and connective tissue events, such as knee cramps and neck stiffness, that were considered possibly related to study treatment.

The PK and PD data indicated that our oral PTH (1-34) can successfully mimic injectable PTH (1-34)'s peak serum concentration levels after drug administration and prior to the administration of a second dose, or Cmax, as well as time to maximal concentration, or Tmax. The PK profile of the absorbed PTH (1-34) was characterized by a sharp increase in concentration, forming a peak concentration within 60 minutes post-drug administration, followed by a rapid decrease, which leads to the anabolic, or bone-building effect of PTH. In some formulations the average Cmax achieved by our oral PTH (1-34) was similar to the Cmax following the subcutaneous injection of the commercial PTH (1-34) or greater. There was a significant inter-patient and intra-patient variability, which is believed to be associated with the variability of the gastric state of the volunteers and on the various treatment visit days. In later visits of the clinical trial we were able to decrease the variability through optimization of our formulation.

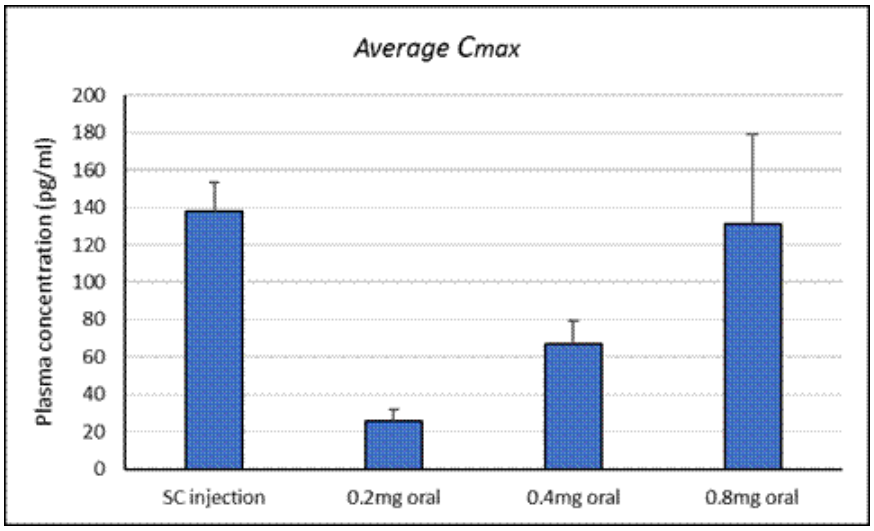
Analysis of the PD profile of our oral PTH (1-34) indicated that a biomarker of PTH activity, cyclic AMP, was activated in a similar manner to that of injectable PTH (1-34) Furthermore, analysis of serum calcium indicated that an increase can be obtained by a single dose of our oral PTH (1-34) as indicated in the graph below:



Change in serum concentrations of albumin corrected calcium (green line) and the plasma concentrations of PTH (1-34) (blue line) following the administration of oral PTH (1-34) (0.75mg) in ten healthy volunteers.

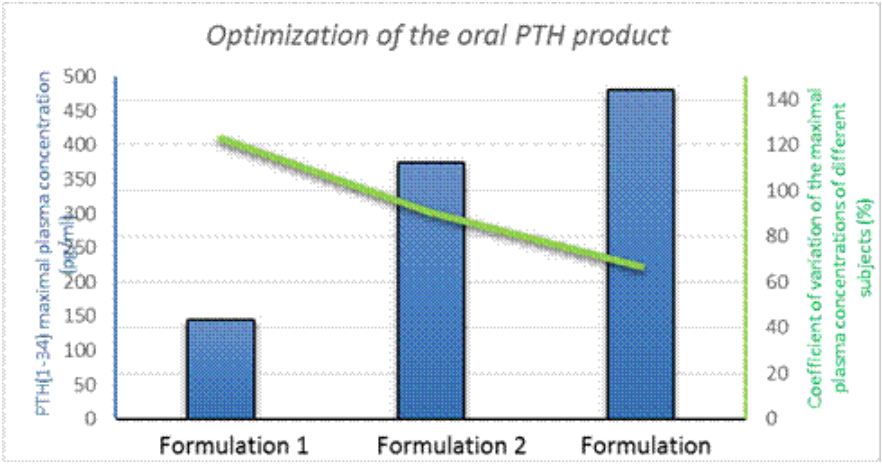
These data effectively show that oral PTH (1-34) reaches the circulation, remains intact and has biological potency similar to that observed with injectable PTH (1-34). At present, we estimate that there are at least four million patient years' experience with injectable PTH (1-34). We believe that reaching a similar peak plasma concentration and PD profile as with the injectable PTH (1-34) significantly decreases the risk that our oral PTH (1-34) will not have the desired clinical effect.

The graph below shows a linear dose/response relationship of oral PTH. An increase in absorption variability was observed with the dose increase in Phase 1 studies.



Dose – response relationship of oral PTH(1-34) in healthy volunteers.

We then focused our efforts, along with the increase in bioavailability, on the reduction of the variability. An optimized formulation showed an approximately three-fold increase in bioavailability (from 0.5% to about 1.5%) and two-fold decrease in variability of the maximal plasma levels of PTH (1-34).



Optimization of oral PTH(1-34) product. A fixed dose of 1.5mg was administered using different formulations (N= 9-10). Along with the significant increase in bioavailability (blue bars) the variability (green line) of the maximal plasma levels was markedly decreased.

Preclinical and Clinical Development of EB612

In preclinical, Phase 1 and Phase 2 clinical development, EB612 exhibited no serious related adverse events and displayed compelling PK and PD properties, in particular compared to commercially available injectable PTH (1-84) Natpara and PTH (1-34) (Forteo). There were no related serious or significant adverse events reported in earlier trials; however, in our Phase 2a trial, there was one unrelated serious adverse event of hypercalcemia which occurred in one patient prior to the administration of the study drug for the first time. There was also one unrelated serious adverse event of hypercalcemia which occurred in one patient prior to the administration of the study drug

for the first time. One subject in the Phase 2a trial, who withdrew from the trial after the first day, experienced four adverse events (mild nausea, moderate back pain, moderate headache and moderate upper abdominal pain). These four adverse events are likely to be unrelated but as this could not be confirmed following the patient's withdrawal from the study, they were recorded as 'possibly related.' In our Phase 1 trials there were minor drug related adverse events such as minor hypercalcemia in one subject and minor tachycardia in two subjects. There were also two possibly related mild adverse events: anemia in one subject and nausea in one subject. We believe these two adverse events were likely unrelated. For example, the anemia event occurred 12 days after a placebo treatment. In addition, one subject experienced three mild musculoskeletal and connective tissue events, such as knee cramps and neck stiffness. We have refined our formulation of EB612 and tested the new formulation in a Phase 2a clinical trial in hypoparathyroid patients. In a triple cohort Phase 1b study, we continued to further optimize our production methods and formulation of EB612 following the Phase 2a and in anticipation of a larger Phase 2b that we expect will result in further improvements and reduction in the variability.

Planned Additional Clinical Development and Regulatory Pathway

As part of our regulatory pathway to conducting the Phase 2b/3 and based on initial feedback from the FDA and regulatory consultants, we intend to conduct a short four-arm PK/PD study comparing two of our dose regimens with two controls: placebo and Natpara. This PK/PD study will include 10 to 12 hypoparathyroidism patients for a treatment and monitoring duration of 24 hours per treatment arm. This study is designed to provide a bridge from our completed Phase 2a trial, which was conducted prior to the marketing approval of Natpara and our planned Phase 2b/3 study. This study may also provide valuable "head to head" data that will further inform our Phase 2b/3 study design. The relevant endpoints for the PK/PD study will include levels of PTH (1-34), PTH (1-84) (Natpara), serum calcium, serum phosphate, urinary calcium and urinary phosphate.

We plan on submitting an IND for this study in the first quarter of 2018 and completing the study shortly after receiving an IND approval. We will then provide the additional data required to expand the IND to allow for the larger Phase 2b/3 study. We hope to initiate our Phase 2b/3 study in the third quarter of 2018. If our results from the Phase 2b/3 clinical trial are successful and the trial is acceptable as a pivotal trial, as intended, we plan to submit a BLA to the FDA for regulatory approval of EB612 in the first half of 2020. In parallel, we expect to pursue marketing approval in the European Union and Japan with the appropriate regulatory agencies.

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 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 or safety 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 prior to the expiration of Natpara's exclusivity period. In June 2016, we received approval from the European Commission granting orphan status to our oral PTH in Europe.

EB613 for Osteoporosis

Osteoporosis

We are also developing a distinct oral PTH product candidate, EB613, for the treatment of osteoporosis. Osteoporosis is a systemic skeletal disease characterized by low bone mass, deterioration 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. 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. These weak and brittle bones become susceptible to fractures caused by fall, mild stress or even a cough. The condition can even be fatal, as 25% of those who fracture a hip will die within six months of injury.

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

The NOF has estimated that 10 million people in the United States already have osteoporosis, and another approximately 43 million have low bone mass placing them at increased risk for osteoporosis. In addition, the NOF has estimated that osteoporosis is responsible for more than two million fractures in the United States each year resulting in an estimated $19 billion in costs annually. The NOF expects that the number of fractures in the United States 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.

The goal of pharmacological treatment of osteoporosis is to maintain or increase bone strength, to prevent factures throughout the patient's life and to minimize osteoporosis-related morbidity and mortality by reducing the risk of fracture. 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 was dominated for many years by bisphosphonates, which slow bone loss, although bisphosphonates' market share has declined over recent years due to the occurrence of serious side effects, as well as the introduction of newly developed pharmacological treatments.

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

Class of Drug	Name (Producer)	Method of Action	Known Side Effects	2016 Branded Sales (in millions)
Injectable PTH	Forteo (Eli Lilly)	Increases bone mineral density by inhibiting the resorption of bone, promotes new bone formation	Decrease in blood pressure, increase in serum calcium in the blood; nausea, joint aches, pain, leg cramps, injection site reactions	$1,500
Monoclonal antibody	Prolia (Amgen)	Blocks the breakdown of bones by binding to RANKL protein that is essential to activate osteoclasts	Hypocalcemia, serious infections, dermatologic adverse reactions, osteonecrosis of the jaw, back pain, pain in extremity, musculoskeletal pain, hypercholesterolemia, and cystitis	$1,635
Selective estrogen receptor modulators (SERMs)	Evista (Eli Lilly)	Binds to estrogen receptors at a selective tissue, with an agonist effect on bone tissue	Deep vein thrombosis, pulmonary embolism, retinal vein thrombosis, increased risk of death due to stroke, endometrial cancer, cardiovascular disease	$172
Bisphosphonate	Fosamax (Merck) Zometa (Novartis)	Prevent bone loss by inducing cell death (apoptosis) in the osteoclast cells	Irritation of the gastrointestinal mucosa, hypocalcemia, severe musculoskeletal pain, osteonecrosis of the jaw	N/A (Generic) N/A (Generic)

In osteoporosis patients, who have normal basal levels of PTH, therapeutic administration of PTH activates osteoclasts and osteoblasts. While both types of cells are activated when PTH is administered, osteoblasts are activated for a longer period, increasing 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 than bisphosphonates. A study published in the New England Journal of Medicine found that over a period of 18 months bone mineral density at the lumbar spine in a group of patients with steroid-induced osteoporosis treated with Forteo increased twice as much as that in the group treated with a form of bisphosphonate.

Unlike our oral delivery system, Forteo is administered by injection, which has significant drawbacks. Patients may reject this treatment due to the discomfort and local irritation usually associated with a daily injectable regimen. Additionally, subcutaneous injection of PTH (1-34) has been shown to induce immunological reactions in approximately 3% of the patient population, often leading to discontinuance of therapy. We believe an oral form of PTH (1-34) would significantly improve patient and physician acceptance. Eli Lilly has attempted numerous collaborations with alternative delivery systems, including a micro needle patch system, which eventually did not reach fruition. An attempt with Zosano Pharma's patch terminated in 2015, as did another collaboration with Transpharma, also a patch, which was terminated in 2011. In 2005 Eli Lilly attempted a nasal delivery system with Alkermes only to be terminated in 2007. While the 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.

Several pharmaceutical companies have previously attempted to develop an orally administered form of PTH. GlaxoSmithKline had partnered with Unigene Laboratories to develop a form of oral PTH but terminated the collaboration in 2011 following the release of Phase 2 clinical trial data, potentially due to poor control of kinetics and variability and the need for as much as 10 mg of PTH per tablet. Eli Lilly attempted to develop an oral PTH in collaboration with Emisphere, which Emisphere terminated following patent infringement claims in 2004. Emisphere then went on to develop their own oral PTH in collaboration with Novartis but suspended development in 2011 at the same time that they suspended their oral calcitonin program, which was subject to EMA safety restrictions. We believe Novartis discontinued the product for reasons that were unrelated to the product itself, and that our formulation of EB613 achieves the maximum concentration necessary for therapeutic effect with three times less active pharmaceutical ingredient, and lower variability, than that observed with Novartis' suspended product.

We also believe that our oral delivery technology is superior to other oral 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.

(5) 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.

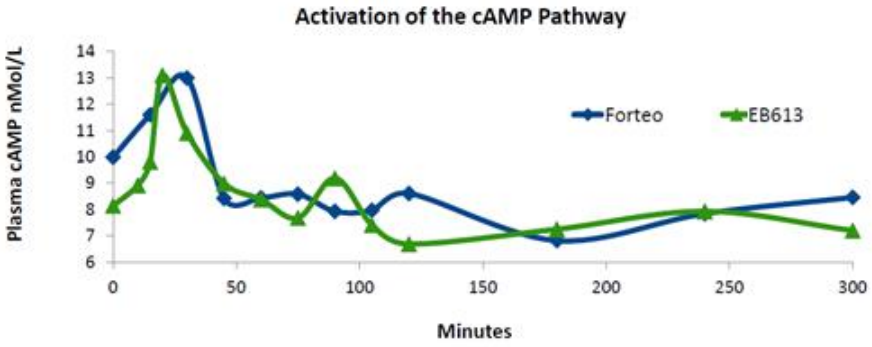
Preclinical and Clinical Development of EB613

EB613 is PTH (1-34) combined with our proprietary technology for the oral delivery of large molecule therapeutics. We are optimizing the PK profile of EB613 specifically for the treatment of osteoporosis, and we expect that our dose and formulation will be significantly modified from that of EB612. Our development combines the proven efficacy of PTH in increasing bone formation in osteoporosis patients with the additional benefit of permitting oral administration, which reduces the treatment burden on patients, leading to higher patient and physician acceptance. We believe each dose of oral PTH would trigger a Cmax peak, stimulating osteoclasts and osteoblasts, thereby increasing overall bone formation.

In preclinical and Phase 1 clinical development, EB613 exhibited no serious related adverse events and displayed compelling PK and PD properties, in particular compared to commercially available injectable PTH (1-34) (Forteo). There were no related serious or significant adverse events reported in earlier trials. In our Phase 1 trials there were minor drug related adverse events such as minor hypercalcemia in one subject and minor tachycardia in two subjects. There were also two possibly related mild adverse events: anemia in one subject and nausea in one subject. We believe these two adverse events were likely unrelated. For example, the anemia event occurred 12 days after a placebo treatment. In addition, one subject experienced three mild musculoskeletal and connective tissue events, such as knee cramps and neck stiffness.

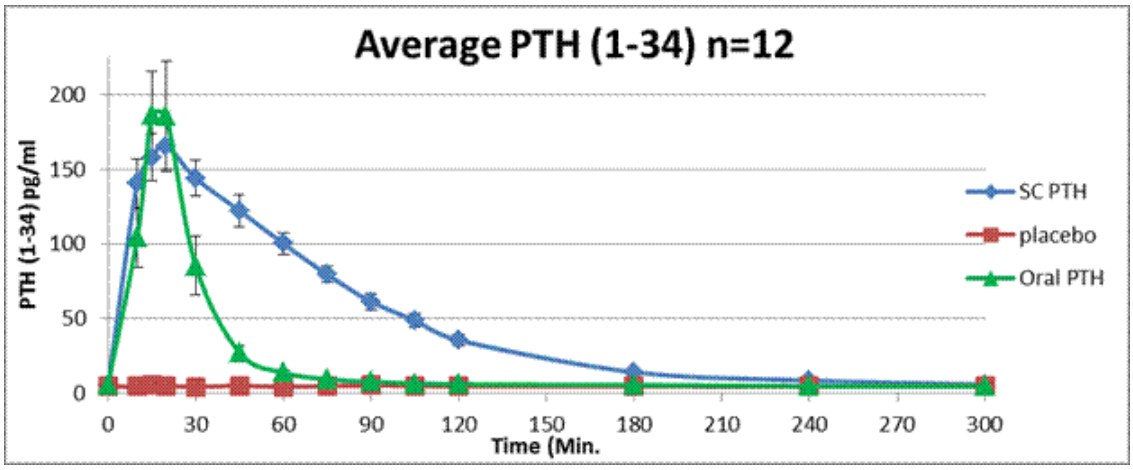
EB613: Favorable Pharmacodynamic Profile

Cyclic AMP, or cAMP, is a known indicator of PTH activity. It is part of the signaling pathway activated by the PTH binding to its cellular receptors. cAMP can be measured in the plasma and used as a biological marker of PTH activity. The graph below shows a similar activation profile following dosing of both commercial Forteo and EB613.



The graph below shows the PK profile of a subcutaneous injection with injectable PTH (1-34), EB613 and placebo from our Phase 1 clinical trial. Both the injectable PTH (1-34) and the oral PTH (1-34) have a rapid increase in plasma concentrations followed by a fast elimination phase. This is significant for attaining the desired anabolic effect by transiently activating the biological pathways and possibly even more so with our oral PTH as its

profile is sharper than the injection with a more rapid return to baseline. It is believed that the prolonged increase in PTH levels may reduce the desired anabolic effect.



Planned Clinical Development

We are preparing a Phase 2a trial of EB613 in osteoporosis in the first half of 2018. With these Phase 2a results we plan to partner with a larger biopharmaceutical company for the clinical development and commercialization of this product.

Bone Healing / Non-union Fractures

Currently, no pharmacological treatments are available to stimulate bone healing. A number of studies suggest that PTH could be beneficial in the treatment of fractures and could thus be a potentially new treatment option for the induction of bone healing. Non-union fractures occur when the normal process of bone healing is interrupted and a fracture does not heal properly or does not heal at all. 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 cost 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 in osteoporosis treatment, a pharmacological solution is not the norm for fractures. 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.

Entera's Potential Solution for Non-union Fractures

Studies have suggested that PTH can accelerate bone healing. PTH increases the activity and number of osteoblasts, which are responsible for bone formation, making it critical for cases where bone healing is delayed.

We intend to investigate the efficacy of EB613 for 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 non-union fractures and bone healing are non-chronic conditions, generally entailing three to six months of treatment, we believe the acceptance of oral PTH will be higher than other potential pharmacological alternatives. We believe we will be able to use the data generated with

EB613 in Phase 1 clinical trials relating to osteoporosis to progress directly to a Phase 2a clinical trial of our oral PTH product candidates for non-union bone fractures.

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 small molecules with very low absorption due to their poor permeability properties (BCS class 3 drugs), proteins and other large molecule therapeutics. 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 first half of 2018. 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 be advantageous with 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 be 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.

Commercialization Strategy

We are initially focused on developing an oral PTH (1-34), for the treatment of hypoparathyroidism, or EB612. We are also developing an oral PTH (1-34), with a significantly modified formulation for the treatment of osteoporosis, or EB613, and plan to also conduct clinical trials of EB613 for the treatment of non-union fractures. We are also investigating applying our oral drug delivery platform to other FDA-approved proteins or large molecule therapeutics.

We have not yet established sales, marketing or product distribution operations because our product candidates are in clinical development. Prior to receiving regulatory approval for EB612, if approved, we plan to build a focused sales and marketing organization in the United States and other jurisdictions where we anticipate obtaining approval to sell EB612 once approved. We believe that we can independently commercialize EB612 with a small salesforce by targeting a relatively small prescriber base of primarily endocrinologists in centers of excellence. We would, however, evaluate other opportunities to commercialize EB612 and other products candidates for orphan indications, if attractive. We may seek a partner to develop EB613, and anticipate that any such partner would be responsible for, or substantially support, late stage clinical trials of EB613 as well as submitting applications for regulatory approvals and registrations.

Competition

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. 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 "Risk Factors—Risks Related to Commercialization of Our Product Candidates."

EB612 for Hypoparathyroidism

Historically, the treatments for hypoparathyroidism have been calcium supplements, vitamin D supplements and phosphate binders, however many serious side effects result from this therapy. 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 Shire plc, which is marketing 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, has orphan drug market exclusivity for seven years in the United States. 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 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 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 BLA for oral PTH prior to the expiration of Natpara's market exclusivity period.

In addition, Ascendis Pharma has reported that it is developing a long-acting oral, prodrug formulation of PTH for the treatment of hypoparathyroidism. Ascendis recently reported that it had initiated a Phase 1 trial for its oral PTH product in the third quarter of 2017.

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. We anticipate that our product candidate EB613 if approved, will compete with Forteo. 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.

Bone Healing

There are currently no approved pharmacological treatments to stimulate bone healing. We anticipate that, if approved, our oral PTH product candidate for the treatment of non-union fractures would compete with non-pharmacological treatments such as electrical stimulation as well as off-label use of Forteo.

The Israeli Innovation Authority 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 Encouragement of Research, Development and Technological Innovation in Industry Law, 5744-1984, 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 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 September 30, 2017, the total royalty amount payable to the IIA, including accrued interest, was approximately $0.5 million. As of September 30, 2017, we had not paid any royalties 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" (as defined in the Research Law) 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 sale of such technology to a non-Israeli entity up to 600% of the grant amounts plus interest. 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 grants of $0.5 million. In addition, any change of control and any change of ownership of our ordinary shares (including by way of an initial public offering) 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 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 sublicensable 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, or the Patent Transfer Agreement, 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.

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 September 30, 2017, 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, Australia, Japan, China, Israel, Canada, New Zealand and Russia. Related patent applications are pending in the United States, the European Union, Hong Kong, Brazil, India, Israel and Russia. Specifically, in the United States Australia, Japan, China, Israel and Russia divisional or continuation patent application have been filed to specifically cover PTH (1-34). Such patents have already been granted in Australia and Japan, and in the remaining jurisdictions, including the United States, these applications 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.

- Two patent applications and one Patent Cooperation Treaty (PCT) application, 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. These 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.

- 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, hypoparathyroidism, and bone fractures and related conditions.

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 U.S. Patent and Trademark Office, or 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 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. The patent term extension period is generally one-half the time between the effective date of the IND and the submission date of the BLA for the product, plus the time between the submission date of the BLA 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 European Union 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 these 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 "Risk Factors—Risks Related to Our Intellectual Property."

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 product manufacturing, storage and distribution of materials for clinical studies. Our facility has ISO:9001:2008 quality management systems accreditation from The Standards Institution of Israel for the production and development of functional excipients and oral drug formulations to be used in clinical trials. The facility includes a dedicated clean room designed as a Class C / ISO 8 clean room for tablet production and a dedicated chemical synthesis clean room designed as a Class C ISO 8 clean room.

Our manufacturing activities include the chemical synthesis of one of our non-active but functional drug components as well as the formulation and production of the final drug, packaging, storage and distribution. The testing and release of materials to be used in the manufacturing process as well as the testing and release of the manufactured products is overseen by our QA/QC department and relies on internal and external tests. We have signed a contract with a UK-based contract manufacturing organization, to produce and supply pills for trials performed worldwide. This contract is not exclusive and we may enter into additional contracts as we see fit. 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 these 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.

In March 2017, we contracted with an FDA/ EMA inspected- GMP subcontractor in the UK to outsource activities for technical transfer and tablet production for our international clinical trials.

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 European Union, extensively regulate, among other things, 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 Biologics in the United States

In the United States, our product candidates are regulated by the FDA as biologics 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, or GLP, 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 institutional review board, or 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 Good Clinical Practice, or 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 BLA;
- 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 current good manufacturing practice, or 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 BLA;
- payment of user fees and securing FDA approval of the BLA 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 subjects 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 BLA 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, metabolism, 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 BLA for a product candidate but require the sponsor to conduct additional clinical trials to further assess the drug’s safety and effectiveness after BLA 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 BLA, 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 Biologic License 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 BLA requesting approval to market the product. The BLA 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, effective from October 1, 2016 through September 30, 2017, the user fee for an application requiring clinical data, such as a BLA, is $2,038,100.

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 BLA 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 BLAs or supplements to approved BLAs, 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 BLA 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 BLA 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 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 2010 Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively 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 BLA 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 BLA for the product, plus the time between the submission date of the BLA 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 European Union 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 European Union, 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 European Union 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 European Union 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 European Union 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 European Union 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 European Union 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 in 2019. 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.

The new Regulation (EU) No 536/2014 aims to simplify and streamline the approval of clinical trial in the European Union. 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 European Union 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 – European Union 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; and
  - 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 European Union, 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; and
  - 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 European Union.

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 European Union 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 Art. 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 European Union member state.

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

Pediatric Studies

Prior to obtaining a marketing authorization in the European Union, applicants have to demonstrate compliance with all measures included in an EMA-approved Paediatric Investigation Plan, or PIP, covering all subsets of the paediatric 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 Paediatric 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 Paediatric 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 European Union, or (2) a life threatening, seriously debilitating or serious and chronic condition in the European Union and that without incentives it is unlikely that sales of the drug in the European Union 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 European Union 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 “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

European Union 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 European Union 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 "*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 European Union, 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 active pharmaceutical ingredients 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 European Union. 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 European Union 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 European Union, 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 European Union 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 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 payors play a primary role in the recommendation and prescription of drug products that are granted marketing approval. Arrangements with third-party payors 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;

- the federal Health Insurance Portability and Accountability Act of 1996, or 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 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 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.

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, including the handling, disposal, release, and use of and maintenance of a registry for hazardous materials, among others. 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.

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 members of Congress and the new administration. The process for determining whether a payor will provide coverage for a drug product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the drug product once coverage is approved. Third-party payors 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 payor'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 payors are increasingly challenging the prices charged for medical products and services and examining the medical necessity and cost effectiveness of medical products and services, 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 after approval as a benefit 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 European Union 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. European Union 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 Affordable Care Act 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 2025, unless additional Congressional action is taken. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, further 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.

President Trump and the majorities of both houses of Congress have stated their intention to repeal and replace the ACA. On January 20, 2017, President Trump signed an Executive Order directing federal agencies with authorities and responsibilities under the ACA to waive, defer, grant exemptions from, or delay the implementation of any provision of the ACA that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. In May 2017, the House of Representatives voted to pass the American Healthcare Act of 2017, which repeals certain portions of the ACA and adds material new provisions. On June 22, 2017, the Senate introduced its own healthcare reform bill. Considerable uncertainty remains about whether the Senate bill will pass or how it will be reconciled with the House version, and if it does and President Trump signs it into law, about the ultimate content, timing or effect of any healthcare reform legislation on us, our industry or the market for drug products like ours. Though the full future impact of the new administration and the U.S. Congress on our business remains unclear, legislative and regulatory changes may continue the downward pressure on pharmaceutical pricing, especially under the Medicare and Medicaid programs, and may also increase our regulatory burdens and operating costs.

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.

Corporate History and Organization

We were incorporated in September 2009, and commenced operations as a joint venture of D.N.A Biomedical and Oramed in June 2010 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 drugs. In February 2011, Oramed sold the majority of its holdings in us to D.N.A Biomedical and, assigned to us its 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 royalties of 3% of our net revenues generated from the use or other exploitation of the assigned patent rights. In March 2011, D.N.A Biomedical and Oramed terminated the joint venture. We began operations in August 2010, and our operations to date have included developing our drug delivery technology for the oral administration of proteins and large molecules, in particular our oral PTH (1-34) product candidates.

Employees

As of November 15, 2017, we had 16 employees and one consultant who provides consulting services to us on a full-time basis. Four of our employees have either PhDs or MDs. All of our employees are located in Israel. We believe that we maintain good relations with all of our employees and consultants. We are not a party to any collective labor agreements. In addition, we have entered into service agreements with three of our directors. See “Certain Relationships and Related Party Transactions—Service Agreements.”

Facilities

Our corporate headquarters and research facilities are located in Jerusalem, Israel, where we lease 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 June 30, 2020. This facility also houses our clinical development, clinical operations, regulatory and management functions.

We believe that our existing facilities are adequate for our current needs. We believe that suitable additional space would be available if required in the future on commercially reasonable terms.

Legal Proceedings

We are not currently a party to any material legal proceedings. Emisphere Technologies, Inc., or 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. For more information on the risks related to Emisphere's claim, see "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*."

MANAGEMENT

Executive Officers and Directors

The following table sets forth the name, age and position of each of our executive officers and directors as of the date of this prospectus:

Name	Age	Position
Executive Officers		
Dr. Phillip Schwartz	55	Chief Executive Officer and Director
Mira Rosenzweig	45	Chief Financial Officer
Dr. Hillel Galitzer	39	Chief Operating Officer
Dr. Miriam Blum	53	Chief Medical Officer
Directors		
Luke M. Beshar	59	Chairman of the Board
Roger Garceau	63	Director
Gerald Lieberman(1)(2)(3)	70	Director
Zeev Bronfeld(1)(2)	66	Director
David Ben Ami	56	Director
Chaim Davis	39	Director
Yonatan Malca(1)(2)	51	Director

(1) To be appointed as a member of our Audit Committee.

(2) To be appointed as a member of our Compensation Committee.

(3) Independent director under the rules of NASDAQ Capital Market.

Executive Officers

Dr. Phillip Schwartz has served as our Chief Executive Officer and as a Director since our inception in 2010. He previously served as the manager of clinical affairs at Endo Pharmaceuticals 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 and Serono. He has also worked as an external consultant for a number of venture capital firms. Dr. Schwartz has more than 20 years of biotech and pharmaceutical industry experience. 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 peer-reviewed journals and has presented papers at numerous international conferences. Dr. Schwartz completed his B.A. in psychology and architecture at Columbia University in 1987, and during that time he also worked in the neurobiology laboratory of Nobel Laureate Professor Torsten Wiesel of the Rockefeller University. Dr. Schwartz then studied immunology with Professor Irun Cohen at the Weizmann Institute, receiving his M.Sc. in 1991. In 1997, Dr. Schwartz received his 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.

Mira Rosenzweig has served as our Chief Financial Officer since May 2014. Ms. Rosenzweig served as the Chief Financial Officer of Paskal Technologies Ltd., a company that provides solutions for the agriculture industry, from May 2013 to May 2014. Prior to that, from September 2008 to November 2011, Ms. Rosenzweig served as the vice president and chief financial officer of Camtek Ltd. (NASDAQ: CAMT), a company that provides automated solutions for the semiconductors and printed circuit board industries. From August 2006 to August 2008, Ms. Rosenzweig served as director of finance and from August 2001 to 2006 as a controller and in various other positions for Elron Electronic Industries Ltd., then-traded on NASDAQ. Ms. Rosenzweig is a certified public accountant and holds a B.A. in Accounting and Economics from the University of Haifa, Israel.

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. 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 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. Miriam Blum has served as our Chief Medical Officer since January 2015. Dr. Blum completed her residency in internal medicine and fellowships in endocrinology and bone metabolism at Mount Sinai Medical Center. Dr. Blum has received multiple research grants in bone metabolism as well as the prestigious NIH K23 grant for exceptional young investigators. She has supervised multiple academic and pharmaceutical clinical trials in vitamin D and calcium metabolism. Dr. Blum was formerly Associate Professor and attending physician at Tufts University Medical School and The New England Medical Center. She received an M.D. from SUNY Downstate Medical School. Dr. Blum is the wife of Dr. Phillip Schwartz, our Chief Executive Officer and director.

Directors

Luke M. Beshar has served as a director since December 2015, and as the executive chairman of our board of directors since December 2016. Previously, Mr. Beshar served as Chief Financial Officer and Executive Vice President of NPS Pharmaceuticals, Inc. since November 2007 and January 2012, respectively, until February 2015, when NPS Pharmaceuticals was acquired by Shire plc. Prior to that he served in several managerial positions with NPS Pharmaceuticals, Netexit, Inc. Camberx Corporation, Cegedim Inc., Expanets, Inc., PNY Technologies, Inc., Dendrite International, WSR Corporation, the Genlyte Group, Inc. and Bairnco Corporation. Mr. Beshar has been an independent director of Trillium Therapeutics Inc. (NASDAQ: TRIL), since March 2014 and Regenxbio Inc. (NASDAQ: RGNX) since April 2015. He is a Member of the New York Society of Certified Public Accountants. He has a B.A. in Accounting and Finance from Michigan State University and is a graduate of the Executive Program of the Darden Graduate Business School at the University of Virginia.

Dr. Roger Garceau has served as a member of our board of directors since March 2016 and as our Chief Development Advisor since December 2016. 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 was acquired by Shire plc. Previously, Dr. Garceau served in several managerial positions with NPS Pharmaceuticals, Inc. Sanofi-aventis and Pharmacia Corporation. Dr. Garceau has been a non-executive director of Enterome SA since December 2016. 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.

Gerald Lieberman has served as a member of our board of directors since 2014. Mr. Lieberman was the former president and chief operating officer of AllianceBernstein L.P. until 2009. There, he was elected chief operating officer and a director in November 2003 and added the title of president in November 2004. Prior to that, Mr. Lieberman was senior vice president for finance and administration at Sanford C. Bernstein & Co., Inc. He has also held senior roles at Fidelity Investments and Citicorp. From 2011 to 2014, he served on the board of directors of Forest Laboratories Inc., which was acquired by Actavis plc in 2014. Mr. Lieberman currently serves on the board of Teva Pharmaceutical Industries Ltd. Mr. Lieberman earned a B.S. with honors from the University of Connecticut and attended New York University’s Graduate School of Business Administration. He is a certified public accountant.

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, 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. Since 2003, Mr. Bronfeld served as the chief executive officer of M.B.R.T Development and Investments Ltd. Mr. Bronfeld has vast experience in the management and value building of biotechnology companies. From 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. In addition, Mr. Bronfeld serves on the board of directors of D.N.A Biomedical Solutions Ltd. and of The Trendlines Group Ltd. Until December 2016 he served as a director of D. Medical Industries Ltd. and Nasvax Ltd. Until January 2017, Mr. Bronfeld also served as a director of Macrocure Ltd. Mr. Bronfeld also serves as a director of a number of privately-held companies, including, Contipi Medical Ltd. and as the chairman of the board of TransBiodiesel Ltd. Mr. Bronfeld holds a B.A. in Economics from the Hebrew University of Jerusalem. Mr. Bronfeld serves on our board of directors as a designee of D.N.A Biomedical pursuant to rights granted to D.N.A Biomedical under our articles of association as in effect prior to the closing of this offering.

David Ben Ami has served as a member of our board of directors since 2014. Mr. Ben Ami is the Managing Partner of Corundum Open Innovation Fund, a life sciences venture capital fund, and the Executive Investment Director of SBI JI Innovation Advisory Ltd. Mr. Ben Ami has more than 25 years of experience with activities in management, business development, corporate strategy and investments in the life sciences industry. He served as chief executive officer of NVR Labs Ltd. from 2005 to 2010, Israeli Country Manager of Boston Scientific, Israel

from 2003 to 2005, and director of business development of Teva Israel and Teva Medical from 1999 to 2002. In 2008, he founded Macrocure Ltd., and served as the chairman of the board of directors of Macrocure from 2008 until 2016. Mr. Ben Ami currently serves, and in the past served as a board member in numerous companies including: Immunobrain Checkpoint Inc., Novolog Ltd., Degania Medical Ltd., Biocell Ltd., Meytav Technology Incubator, Hairstetics Ltd., VVT Medical and Contipi Medical Ltd. He received his M.B.A. and B.A. in Economics & Management from Tel-Aviv University. Mr. Ben Ami serves on our board of directors as a designee of the Centillion Fund pursuant to rights granted to Centillion Fund under our articles of association as in effect prior to the closing of this offering. For further information regarding our commitment under certain circumstances to nominate one director nominee designated by Centillion Fund following the closing of this offering, see "—Arrangements for Election of Directors." Contingent upon and immediately prior to the consummation of this offering, Mr. Ben Ami will resign from our board.

Chaim Davis has served as a member of our board of directors since 2013. Mr. Davis is the managing member of the Revach Fund L.P., a sector-specific lifescience fund focusing on micro to mid-cap companies, which he founded in 2005. He has served on the board of American Bio Medica since June 2017. He has also served as a consultant to other hedge funds including Gem Partners, KOM Capital Management and Maot Group. From 2010 to 2014, he served as a director of AtheroNova Inc. (OTCBQ: AHRO), and from 2001 to 2004, he served as a healthcare analyst at The Garnet Group. Mr. Davis received his B.A. from Columbia University. Mr. Davis serves on our board of directors as a designee of certain of our shareholders who are lenders under certain of our convertible financing agreements, pursuant to rights granted to these lenders under the current Articles, as in effect prior to the closing of this offering. Contingent upon and immediately prior to the consummation of this offering, Mr. Davis will resign from our board.

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 Solutions Ltd., a position he has held since 2010. Mr. Malca also serves as a director of Arko Holdings Ltd. and of Tamda Ltd., both 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 received a B.A. and an M.A. from Bar Ilan University, Israel. Mr. Malca serves on our board of directors as a designee of D.N.A Biomedical pursuant to rights granted to D.N.A Biomedical under our articles of association as in effect prior to the closing of this offering.

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, following the consummation of this 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. David Ben Ami, a member of our board of directors, was nominated by Centillion pursuant to its director designation right. Following the consummation of this offering, Centillion will hold approximately % of our issued and outstanding ordinary shares, and in the event that Centillion exercises in full all of the warrants to purchase our ordinary shares that we will have issued to it as of such date, Centillion will hold approximately % of our issued and outstanding ordinary shares.

Corporate Governance Practices

We are incorporated in Israel and therefore are subject to various corporate governance practices under the Israeli Companies Law, 5759-1999, or 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 the NASDAQ Capital Market and other applicable provisions of U.S. securities laws. As a foreign private issuer whose shares will be listed on the NASDAQ Capital Market, we have the option to follow certain Israeli corporate governance practices rather than those of the NASDAQ Capital Market, 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. We intend to rely on this "foreign private issuer exemption" with respect to the following NASDAQ Capital Market requirements:

- *Shareholder Approval.* Although the NASDAQ Capital Market listing requirements 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 chief executive officer or directors, in which case they also require the approval of the compensation committee and the shareholders. In addition, rather than follow the NASDAQ Capital Market listing requirements requiring shareholder approval for the issuance of securities in certain circumstances, 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.* The NASDAQ Capital Market listing requirements require that an issuer have a quorum requirement for shareholders 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 to be in effect immediately upon the closing of this offering, 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*. The NASDAQ Capital Market listing requirements 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 will be governed by the Companies Law, rather than the NASDAQ Capital Market listing requirements. In addition, under the Companies Law, there are no specific independence evaluation requirements for outside consultants.

- *Independent Approval of Board Nominations*. The NASDAQ Capital Market listing requirements 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.

Except as stated above, we intend to substantially comply with the rules applicable to U.S. companies listed on the NASDAQ Capital Market. 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 Capital Market listing requirements 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 the NASDAQ Capital Market, may provide less protection than is accorded to investors under the NASDAQ Capital Market listing requirements applicable to domestic issuers.

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, and are subject to the terms of any applicable employment agreements that we may enter into with them.

Contingent upon and immediately prior to the consummation of this offering, Chaim Davis and David Ben-Ami will resign from our board. Following this offering, our board of directors will consist of six directors. Pursuant to the three month transition period permitted under the Companies Law, within three months following our listing on the NASDAQ Capital Market, we intend to nominate two external directors whose appointment would fulfill the requirements of the Companies Law. See "—External Directors." In addition, we anticipate that these two directors would qualify as independent directors under the corporate governance standards of the NASDAQ Capital Market listing requirements and the audit committee independence requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Currently, our director Gerald Lieberman is the only member of our board of directors that satisfies these independence requirements of the NASDAQ Capital Market listing requirements and the Exchange Act. In addition, under the NASDAQ Capital Market listing requirements, a company pursuing an initial public offering has twelve months to comply with the requirement that a majority of the board of directors be independent. The Company intends to rely on this exception, and anticipates that a majority of its board of directors will be independent within twelve months of listing.

According to our amended Articles, the number of members of our board of directors must be at least three and cannot be more than nine. Our board of directors, other than external directors, will be divided into three classes, with staggered three-year terms and one director class coming up for election each year. The Class I, Class II and Class III directors will serve until our annual meetings of shareholders in 2019, 2020 and 2021, respectively. The members of the classes at the closing of this offering will be 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 and Luke Beshar.

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.

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 amended 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 rights represented at a shareholders' meeting and voting on the matter is generally required to remove any of our directors from office (other than external directors).

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 the NASDAQ Capital Market, 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). Pursuant to the applicable transition period rules under the Companies Law, our external directors must be elected by our shareholders no later than three months following the completion of this offering.

An external director must also have either financial and accounting expertise or professional qualifications, as defined in regulations promulgated under the Companies Law, and 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.

Under the Companies Law, external directors must be elected at a shareholders' meeting by a simple majority of the votes cast on the matter, provided that 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), unless the votes cast by such shareholders against the election did not exceed 2% of our aggregate voting rights. External directors serve for up to three terms of three years each, and our audit committee and board of directors may nominate them for additional terms under certain circumstances. Even if an external director is not nominated by our board of directors for re-election for a second or third term, shareholders holding at least 1% of our voting rights or the external director may nominate the external director for re-election. In such a case, the re-election can be approved by 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) and the votes cast by such shareholders approving the election exceed 2% of our aggregate voting rights. 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.

Financial Experts

Our board of directors has resolved that at least one of its members must have financial and accounting expertise, as defined in regulations promulgated under the Companies Law. Our board of directors has determined that Gerald Lieberman meets such qualifications.

In addition, our board of directors has determined that Gerald Lieberman, who has been nominated to serve on our audit committee, is financially literate as determined in accordance with the NASDAQ Capital Market listing requirements and that Mr. Lieberman is qualified to serve as an "audit committee financial expert" as defined by SEC rules.

Alternate Directors

Our amended Articles provide that, as permitted under Israeli law, any director may appoint another person 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 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.

Our Committees

Our board of directors has established the following committees:

Audit Committee

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 chairman 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 the NASDAQ Capital Market, 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 the NASDAQ Capital Market listing requirements, we are required to maintain an audit committee consisting of at least three independent directors, each of whom is financially literate and one of whom has accounting or related financial management expertise.

The responsibilities of an audit committee under the Companies Law include identifying and addressing flaws in the management of the company, reviewing and approving interested party transactions, establishing whistleblower procedures, overseeing the company's internal audit system and the performance of its internal auditor, assessing the scope of work and recommending the fees of the company's independent accounting firm. In addition, the audit committee is required to determine whether certain related party actions and transactions are "material" or "extraordinary" for the purpose of the requisite approval procedures under the Companies Law and to establish procedures for considering proposed transactions with a controlling shareholder.

Our audit committee is also responsible for the appointment (subject to ratification by the board of directors and shareholders), compensation and oversight of the work of our independent auditors and for assisting our board of directors in monitoring our financial statements, the effectiveness of our internal controls and our compliance with legal and regulatory requirements.

Upon completion of this offering, our audit committee will initially consist of Gerald Lieberman (Chairman), Zeev Bronfeld and Yonatan Malca. Pursuant to the applicable transition period rules, we anticipate that our audit committee will satisfy the requirements of the Companies Law (subject to shareholder approval of our external directors within three months following the consummation of the offering), the Exchange Act and the NASDAQ Capital Market listing requirements within a period of three months following our listing on the NASDAQ Capital Market. After the applicable transition period of three months, all of the members will be external directors or would be eligible to qualify as independent directors as defined in the Companies Law and all of the members will also be independent as defined in SEC rules and the NASDAQ Capital Market listing requirements.

Compensation Committee

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. The responsibilities of a compensation committee under the Companies Law include recommending to the board of directors, for ultimate shareholder approval by a special majority, a policy governing the compensation of officers and directors based on specified criteria, reviewing modifications to the compensation policy from time to time, reviewing its implementation and approving, if required by the Companies Law, the actual compensation terms of officers and directors prior to approval by the board of directors, under circumstances where board approval is required under the Companies Law.

Upon completion of this offering, we will have a compensation committee consisting Gerald Lieberman (Chairman), Zeev Bronfeld and Yonatan Malca. Pursuant to the applicable transition period of three months, our compensation committee will satisfy the requirements of the Companies Law (subject to shareholder approval of our external directors within three months following the consummation of the offering), but not the NASDAQ Capital Market listing standards applicable to compensation committees, which the company has chosen to opt out of as a foreign private issuer. See "—Corporate Governance Practices" above.

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, among other things, 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 a representative thereof. We intend to appoint an internal auditor following the completion of this offering.

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 approval or performed by virtue of his 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.

Approval of Related Party Transactions

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 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. 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 a compensation policy adopted within nine months from the closing of this 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 intend to adopt a compensation policy within nine months from the consummation of this offering.

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.

Employment Agreements with Executive Officers

We have entered into written employment agreements with all of our executive officers. Each of these agreements contains provisions regarding 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.

Compensation of Directors and Officers

External directors may be compensated only in accordance with regulations adopted under the Companies Law. These regulations permit the payment of cash compensation within a specified range, depending on the size of the company, or cash or equity compensation that is consistent with the compensation paid to the other independent directors. We generally do not have any agreement with directors providing for benefits upon termination of their service as directors of our company.

The aggregate compensation paid to all of the members of our directors and senior management was approximately $2.3 million in 2016. This amount includes approximately $1.4 million for share-based compensation and $93 thousand set aside or accrued in the aggregate for pension or other retirement benefits for our directors and senior management in 2016.

Summary Compensation Table

For so long as we qualify as a foreign private issuer, we are not required to comply with the proxy rules applicable to U.S. domestic companies, including the requirement to disclose the compensation of our chief executive officer, chief financial officer and other three most highly compensated executive officers on an individual basis. Nevertheless, pursuant to regulations promulgated under the Companies Law, we will be required to disclose the annual compensation of our five most highly compensated office holders, which includes our directors and officers, on an individual basis. Such disclosure will not be as extensive as that required of a U.S. domestic issuer. The following table presents all compensation we incurred for the year ended December 31, 2016 with respect to our five highest paid office holders, in U.S. dollars. The table does not include any amounts we paid to reimburse any of these persons for costs incurred in providing us with services during this period:

Name	Position	Annual 2016 Compensation				
		Base Salary and Related Benefits [1]	Bonus	Retirement and Other Similar Benefits	Share Based Compensation[2]	Total
Luke M. Beshar	Chairman of the board of directors	$ —	$ —	$ 28,626	$ 757,691	$ 786,317
Dr. Roger Garceau	Chief Development Advisor	$ —	$ —	$ 15,136	$ 522,136	$ 537,272
Dr. Phillip Schwartz	Chief Executive Officer and Director	$ 255,955	$ 100,000	$ 48,553	$ —	$ 404,508
Dr. Hillel Galitzer	Chief Operating Officer	$ 175,879	$ 50,000	$ 25,270	$ 804	$ 251,953
Mira Rosenzweig	Chief Financial Officer	$ 151,652	$ 25,000	$ 16,331	$ 4,938	$ 197,921

(1) Includes base salary, social benefits and car allowances. The amounts shown in this column represent expenses recorded in our financial statements for the year ended December 31, 2016, and are based on actual exchange rates of each month in which the salary was recorded or the month in which the accrued salary expenses were recorded.

(2) The amounts shown in this column represents expenses recorded in our financial statements for the year ended December 31, 2016, with respect to all options granted to such officers.

Share Incentive Plan

On March 17, 2013, our board of directors approved our Share Incentive Plan, or the 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 November 15, 2017, a total of 444 ordinary shares remained available for issuance under the Plan. As of that date, 22,866 ordinary shares were issuable upon the exercise of outstanding awards under the Plan, at a weighted-average exercise price of $591.17 per share. Of the foregoing outstanding awards, options to purchase 10,702 ordinary shares, in the aggregate, had vested under the Plan as of that date, with a weighted-average exercise price of $370.00 per share, including 2,850 options that as of November 15, 2017 have been granted but remain subject to approval by our shareholders.

Awards granted under the 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 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 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” 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 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 Plan also provides for certain lock-up arrangements upon consummation of a public offering.

The Plan is administered by our board of directors or by a committee appointed by our board of directors. The pool of reserved ordinary shares under our Share Incentive Plan will be cancelled, and the only reserved ordinary shares available for grants following the completion of this offering will be under the 2017 Plan.

2017 Equity Incentive Plan

In connection with the completion of this offering, we intend to establish a new equity incentive plan, or the 2017 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 2017 Plan will govern issuances of equity incentive awards from and after the closing of this offering. The maximum number of common shares available for issuance under equity incentive awards granted pursuant to the 2017 Plan will not exceed 12% of the total outstanding common shares on a fully-diluted basis as of immediately following the closing of this offering. 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 common shares on such date (or any lower number of shares as determined by the board of directors) will become available for issuance under the 2017 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 2017 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.

The vesting conditions for grants under the 2017 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 2017 Plan) of the Company, the compensation committee may, in its discretion, take a number of actions with respect to awards outstanding under the 2017 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 2017 Plan will be administered by the board of directors, provided that the board of directors may delegate its authority to the compensation committee to administer the 2017 Plan.

The 2017 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.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of related party transactions we have entered into since March 1, 2012 with any of our directors, executive officers and holders of more than 5% of our ordinary shares.

Convertible Debt Financing

2012 Convertible Loans

On November 8, 2012 and December 31, 2012, we entered into the 2012 Convertible Loans, with D.N.A Biomedical, and the lenders thereto, including the Revach Fund L.P., or Revach, an entity controlled by our director Chaim Davis, and Europa International Inc., who later transferred its shares to Gakasa Holdings LLC, or Gakasa. The lenders loaned us an aggregate amount of $1.2 million, of which Revach loaned us $100,000, and Gakasa loaned us $550,000. Pursuant to the 2012 Convertible Loans, each of the loans bears interest at a rate of 0.6% per year, payable in five-year intervals, and matures after a term of 20 years, subject to the conversion rights noted below. Each of the lenders has the right during the term to convert all of its respective loan amount into our ordinary shares at a conversion price of $240.26 per ordinary share (subject to adjustment as detailed in the agreements governing the 2012 Convertible Loans), the Company Conversion Right, and for a period of the initial five years of the term of the applicable 2012 Convertible Loans to exchange all such ordinary shares received pursuant to the Company Conversion Right into ordinary shares of D.N.A Biomedical at the rate of one of our ordinary shares for 5,590 ordinary shares of D.N.A Biomedical (also subject to adjustment as detailed in the 2012 Convertible Loans). In addition, under the terms of the 2012 Convertible Loans, the outstanding loan amounts will be automatically converted into our ordinary shares upon the occurrence of certain events, including in connection with the closing of this offering. In addition, pursuant to the terms of the 2012 Convertible Loans the lenders were granted piggyback registration rights, which were subsequently set forth in our investors' rights agreement as described below in "Share Eligible for Future Sale—Registration Rights."

2015 Convertible Loan

On August 5, 2015, the Company entered into the 2015 Convertible Loan with certain lenders. Pursuant to the loan agreement for the 2015 Convertible Loan, the lenders loaned us an aggregate amount of $2.005 million. The 2015 Convertible Loan bore interest at a rate of 5% per year. The loan would also be automatically converted upon occurrence of a 2015 Triggering Event into the equity securities and/ or securities convertible into equity securities of the Company that were issued in such a transaction, at a 25% discount.

In addition, the Company issued to each lender under the 2015 Convertible Loan the 2015 Warrants to purchase, at an exercise price of 125% of the applicable price per share, an additional 40% of the amount of our securities that would have been issued to such lender as a result of the automatic conversion following a 2015 Triggering Event. The 2015 Warrants were exercisable during the earlier of two years from the warrant issuance date or one year from consummation of an initial public offering. As part of the 2016 Convertible Loan, we granted the lenders a right to roll-over the 2015 Convertible Loan into the 2016 Convertible Loan. The lenders elected to roll-over an amount of $1.057 million into the 2016 Convertible Loan and the reminder, in an amount of $1.053 million (including interest and principal), was repaid by the Company in February 2017. There remain no amounts outstanding under the 2015 Convertible Loans, and no 2015 Warrants remain outstanding, and as a result, the 2015 Convertible Loan agreement is no longer in force.

One of our directors, Gerald Lieberman, participated in the 2015 Convertible Loan in an amount of $50,000, which rolled-over to the 2016 Convertible Loan.

2016 Convertible Loan

On June 14, 2016, the Company entered into the 2016 Convertible Loan with certain lenders for an aggregate amount of approximately $7.44 million. In addition, an amount of $1.057 million of the 2015 Convertible Loan rolled over to the 2016 Convertible Loan. The 2016 Convertible Loan provided for a term of 18 months and bore interest at a rate of 5% per year. The 2016 Convertible Loan also granted each lender the right to invest, in the next share issuance by the Company, an amount not to exceed the amount such lender invested in the 2016 Convertible Loan, at a price per share of the shares issued in such issuance.

The 2016 Convertible Loan was to be automatically converted upon the occurrence of a 2016 Triggering Event. Following the completion of the Series B preferred shares purchase agreement, which constituted a 2016 Triggering Event, the loan amount, together with all accrued interest was converted into Series B-1 preferred shares, under the terms and conditions of the 2016 Convertible Loan. As a result, the 2016 Convertible Loan agreement is no longer in force. In addition, the Series B preferred shares purchase agreement set the price and the amounts for which the holders of the 2016 Warrants are entitled to exercise their 2016 Warrants. In addition, the Company issued to each lender under the 2016 Convertible Loan warrants to purchase an additional 40% of the amount of our securities issued to such lender as a result of the automatic conversion following a 2016 Triggering Event.

Our directors, Luke Beshar, Roger Garceau and Gerald Lieberman, each participated, in amounts of $50,000, $25,000 and $50,000, respectively, in our 2016 Convertible Loan. In addition, Corundum Open Innovation Fund, L.P., or Corundum, of which David Ben Ami, a member of our board of directors, is the managing partner, invested an amount of $1 million in our 2016 Convertible Loan. Following the conversion of the 2016 Convertible Loans, Luke Beshar, Roger Garceau and Gerald Lieberman were issued 77, 38 and 156 Series B-1 preferred shares, respectively, and their 2016 Warrants relate to 31, 15 and 62 Series B preferred shares, respectively. In addition, following the conversion of the 2016 Convertible Loans, Corundum was issued 1,563 Series B-1 preferred shares and its 2016 Warrants relate to 625 Series B preferred shares.

Ordinary Share Purchases

In November 2012, we issued to D.N.A Biomedical 2,078 ordinary shares in consideration of $500,000, of which $445,000 represented the cancellation of debt we owed to D.N.A Biomedical. The remaining $55,000 was paid to us in cash.

On September 30, 2013, we entered into share purchase agreements, or the ordinary share purchase agreements, with our director Chaim Davis, Revach and Europa International Inc., who later transferred its shares to Gakasa. Pursuant to the ordinary share purchase agreements, Mr. Davis, Revach and Gakasa purchased 91, 365, and 1,369 of our ordinary shares, respectively, for aggregate purchase prices of $25,000, $100,000 and $375,000, respectively.

Preferred Share Purchases

Series A Private Placement

On January 29, 2014, we entered into a Series A preferred share purchase agreement with the Centillion Fund, or Centillion, or the Centillion preferred share purchase agreement, pursuant to which Centillion purchased 4,172 of our Series A preferred shares, for a purchase price of $2.0 million or $479.38 per share, or the per share purchase price, and we issued to Centillion a warrant to purchase up to 1,043 of our applicable shares (as discussed below in "Description of Share Capital—Warrants") at the per share purchase price. Pursuant to the terms of the Centillion preferred share purchase agreement, upon our filing of a registration statement for an initial public offering with the SEC on or prior to June 29, 2014, or the first milestone, Centillion was required to purchase from us an additional 4,172 Series A preferred shares at the per share purchase price (for additional proceeds to us of $2.0 million), and we were required to issue to Centillion a warrant to purchase an additional 1,043 applicable shares at the per share purchase price. In addition, pursuant to the Centillion preferred share purchase agreement, as amended, upon the closing of an offering of our ordinary shares on or prior to July 20, 2019, pursuant to which our ordinary shares are listed on NASDAQ, or the second milestone, Centillion was given the option to purchase from us, at its sole discretion, an additional 2,086 Series A preferred shares at the per share purchase price (for additional proceeds to us of $1.0 million), and we were required to issue to Centillion a warrant to purchase an additional 522 Series A preferred shares at the per share purchase price. Centillion also had the right to purchase the Series A preferred shares and warrant to be issued upon either of the milestones prior to the applicable milestone date. Pursuant to the Centillion preferred share purchase agreement, Centillion's obligations at milestone closings are subject to certain conditions, including that a clinical trial not have been terminated on account of safety concerns.

On June 18, 2014, Centillion and we entered into the first amendment to the Centillion preferred share purchase agreement, pursuant to which the date for the first milestone was extended from June 29, 2014 to November 1, 2014, and the date for the second milestone was extended from December 29, 2014 to May 1, 2015.

On January 21, 2015, Centillion and we entered into the second amendment to the Centillion preferred share purchase agreement, or the second amendment. Pursuant to the terms of second amendment, Centillion exercised its

right to purchase the Series A preferred shares and warrant to be issued upon the first milestone and paid us $2.0 million, although as of such date this milestone had not been achieved. The second milestone was also extended to October 1, 2015, with an option for Centillion to extend it for an additional two years, until October 1, 2017. Such option right was exercised by Centillion. In consideration therefor, we issued to Centillion an additional warrant, or the additional Centillion warrant, as described below in "Description of Share Capital—Additional Warrants." On July 20, 2017, the Centillion Series A preferred share purchase agreement was amended such that (i) the second milestone was extended to July 20, 2019, (ii) the second milestone was deemed to include any transaction pursuant to which our shares will be listed for trading on NASDAQ, and (iii) the investment following the occurrence of the second milestone is optional to the holders of Series A preferred shares.

During the course of 2014 and January 2015, we entered into additional preferred share purchase agreements with other purchasers of our Series A preferred shares. The additional preferred share purchase agreements also provide for the issuance of Series A preferred shares and warrants upon the achievement of those milestones set forth in the Centillion preferred share purchase agreement on terms substantially identical to those contained in the Centillion preferred share purchase agreement. In March 2015, we entered into the first amendment to each of the additional preferred share purchase agreements, which contained terms substantially identical to those contained in the second amendment to the Centillion preferred share purchase agreement. We also issued to these additional Series A preferred shareholders warrants upon terms substantially identical to those contained in the additional Centillion warrant, or together with the additional Centillion warrant, the additional warrants. In July 2017, the additional Series A preferred share purchase agreements were amended to terms identical to those contained in the amendment to the Centillion Series A preferred share purchase agreement dated July 20, 2017, and the additional warrants terms were amended to the same terms as the additional warrants of Centillion.

If any Series A investors exercise their option to purchase Series A preferred shares pursuant to the second milestone in connection with this offering, such shares shall be converted into ordinary shares automatically and without any further action on the part of such investors, and any warrants provided in connection therewith shall be exercisable into ordinary shares.

Under the terms of the applicable agreements and pursuant to the IPO Transactions, the Series A preferred shares will be automatically converted into our ordinary shares, and the warrants to purchase Series A preferred shares will be automatically converted into warrants to purchase ordinary shares, upon the closing of this offering.

Series B Private Placement

In October 2017, we entered into the Series B Private Placement, with certain investors, including D.N.A Biomedical and Centillion for the sale of shares of our Series B preferred shares, at a price per share of $908.78, for an aggregate purchase price of $12.4 million. In connection with the Series B Private Placement, the Company issued and sold to the Investors 13,621 Series B preferred shares.

The Series B Private Placement constituted a 2016 Triggering Event, as defined in the 2016 Convertible Loan agreement (as discussed further under "Management's Discussion and Analysis— Contractual Obligations and Commitments—2016 Convertible Loan"). As a result of the Series B Private Placement, the entire loan amount due to holders under the 2016 Convertible Loan agreement, together with all accrued interest, was converted to 13,229 Series B-1 preferred shares at a price per share of $681.585. 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.

Under the terms of the applicable agreements and pursuant to the IPO Transactions, the Series B and B-1 preferred shares will be automatically converted into our ordinary shares, and the warrants to purchase Series B preferred shares will be automatically converted into warrants to purchase ordinary shares, upon the closing of this offering.

In addition, as a result of the Series B Private Placement, the 2016 Warrants (as discussed in "Description of Share Capital—2016 Warrants") that the Company previously issued in connection with the 2016 Convertible Loan became warrants to purchase our Series B preferred shares at an exercise price of $908.78.

Gerald Lieberman, a member of our board of directors, participated in the Series B Private Placement and purchased 110 Series B preferred shares in an amount totaling $100,000. Revach, an entity controlled by our director Chaim Davis, participated in the Series B Private Placement and purchased 14 Series B preferred shares in

an amount totaling $12,726. Dr. Phillip Schwartz, our Chief Executive Officer, participated in the Series B Private Placement and purchased 6 Series B preferred shares in an amount of $5,542.

On November 10, 2017, the Company's board of directors approved D.N.A Biomedical's request to reimburse D.N.A Biomedical for expenses incurred in relation to the Series B private placement in an amount of $300,000. The reimbursement is subject to the approval of the Company's shareholders and to the receipt of documentation supporting the amounts.

Service Agreements

In April 2017, the Company entered into a Service Agreement with our director Luke Beshar, effective as of December 2016, pursuant to which Mr. Beshar will be entitled to a monthly fee in the amount of $21,500 per month, and to reimbursements for certain expenses. In addition, the Company's Board and shareholders approved the Service Agreement, pursuant to which Mr. Beshar is entitled to options to purchase ordinary shares of the Company representing 6.5% of the Company's fully-diluted share capital immediately following a 2016 Triggering Event; provided that if the amount raised in such 2016 Triggering Event exceeds $10 million, then the fully-diluted share capital shall be calculated as if the amount raised in such 2016 Triggering Event was $10 million. Following the Series B Private Placement (which constituted a 2016 Triggering Event), the Company determined that the amount of ordinary shares to be granted to Mr. Beshar upon the exercise of his options will be 6,970 ordinary shares, with an exercise price of $820 per share. Such options vest monthly over a three year period, beginning December 1, 2016, and are subject to certain acceleration provisions detailed within the Service Agreement, including the occurrence of a change of control of the Company, resignation of Mr. Beshar for Good Reason and termination without Cause (as such terms are defined in the Service Agreement).

In April 2017, effective as of December 2016, the Company entered into a Service Agreement with our director Roger Garceau, pursuant to which Mr. Garceau will be entitled to a monthly fee in the amount of $6,500 per month, and to reimbursements for certain expenses. In addition, the Company's Board and shareholders approved the Service Agreement, pursuant to which Mr. Garceau is entitled to options to purchase ordinary shares of the Company representing 1.5% of the Company's fully-diluted share capital immediately following a 2016 Triggering Event; provided that if the amount raised in such 2016 Triggering Event exceeds $10 million, then the fully-diluted share capital shall be calculated as if the amount raised in such 2016 Triggering Event was $10 million. Following the Series B Private Placement (which constituted a 2016 Triggering Event), the Company determined that the amount of ordinary shares to be granted to Mr. Garceau upon the exercise of his options will be 1,608 ordinary shares, with an exercise price of $820 per share. Such options vest monthly over a three year period, beginning December 1, 2016, and are subject to certain acceleration provisions detailed within the Service Agreement, including the occurrence of a change of control of the Company, resignation of Mr. Garceau for Good Reason and termination without Cause (as such terms are defined in the Service Agreement).

Pursuant to an arrangement between us and Chaim Davis, a member of our board of directors, Mr. Davis provides us with certain services related to corporate business development in consideration for a one-time payment of $25,000 paid in April 2017 and $6,500 per month. In addition, On November 15, 2017, the board of directors approved a bonus of $35,000 subject to the approval of shareholders.

Registration Rights

We, certain of our shareholders and certain lenders under our 2012 Convertible Loan have entered into an amended and restated investors' rights agreement dated as of October 4, 2017, or the Investors' Rights Agreement, pursuant to which 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 the application of this registration statement a separate registration statement with respect to the resale under the Securities Act of such securities held by such shareholders. See "Shares Eligible for Future Sale—Registration Rights" for a further description of these arrangements.

Director Designation Rights

Pursuant to the terms of the Investors' Rights Agreement among us, Centillion and other parties thereto, following the consummation of this 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. David Ben Ami, a member of our board of directors, was nominated by Centillion pursuant to its director designation right. Following the consummation of this offering, Centillion will hold approximately % of our issued and outstanding ordinary shares, and in the event

that Centillion exercises in full all of the warrants to purchase our ordinary shares that we will have issued to it as of such date, Centillion will hold approximately % of our issued and outstanding ordinary shares.

Centillion Special Pre-emptive Rights

Pursuant to the terms of our current Articles, if we issue any equity interests to new investors that are not already our shareholders and subject to certain other conditions, Centillion is entitled to purchase, at any time until the second milestone date, which is defined to include this offering, 18.18% of the number of equity interests issued in such financings, at the same price per equity interest paid by the new shareholders ("Centillion special pre-emptive rights"). The Centillion Special Pre-emptive Right are not exercisable in connection with this offering.

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 Agreements with Executive Officers

We have entered into employment agreements with our executive officers, which provide for, among other things, position, duties and compensation and benefits payable during the terms of employment and include certain restrictive covenants. See "Management—Employment Agreements with Executive Officers."

Related Party Transaction Policy

See "Management—Fiduciary Duties and Approval of Related Party Transactions" for a discussion of procedures governing the approval of related party transactions.

Family Relationships

Dr. Miriam Blum, our Chief Medical Officer, is the wife of our Chief Executive Officer and Director, Dr. Phillip Schwartz. Other than such relationship, there are no family relationships between any of the executive officers or directors named above.

PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding beneficial ownership of our ordinary shares as of November 15, 2017, by:

- each person or entity known by us to own beneficially 5% or more of our ordinary shares;
- each of our directors and executive officers;
- and all of our directors and executive officers as a group.

The percentage of shares beneficially owned prior to the offering is based on ordinary shares outstanding as of November 15, 2017, including:

- ordinary shares to be issued upon the conversion of all outstanding preferred shares into ordinary shares upon the closing of this offering (including Series A preferred shares to be issued to certain holders of our Series A preferred shares upon the closing of this offering);
- ordinary shares to be issued upon the exercise of all warrants outstanding (including warrants to be issued to certain holders of our Series A preferred shares upon the closing of this offering);
- and ordinary shares to be issued upon the conversion into ordinary shares of our outstanding convertible loans.

The percentage of beneficial ownership of our ordinary shares after the offering is based on ordinary shares outstanding after the offering (which includes the ordinary shares specified above) plus the ordinary shares to be sold by us in the offering, but not including any additional shares issuable upon exercise by Centillion of the Centillion special pre-emptive rights, which rights are not exercisable in connection with this offering. The figures in the table below give effect to our for split of ordinary shares that will be effected immediately following the pricing of this offering.

All of our shareholders, including the shareholders listed below, have the same voting rights attached to their ordinary shares. Upon the consummation of this offering, outstanding preferred shares shall be converted into ordinary shares on a one-to-one basis automatically and without any further action on the part of such investors, and any warrants that will be outstanding following the closing of this offering shall be exercisable into ordinary shares. See "Description of Share Capital—Articles of Association—Voting." Neither our principal shareholders nor our directors and executive officers have different or special voting rights.

Unless otherwise indicated, the address for each listed director and executive officer is c/o Entera Bio Ltd., Kiryat Hadassah, Minrav Building – Fifth Floor, Jerusalem 9112002, Israel. To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all ordinary shares.

	Shares Beneficially Owned Prior to the Offering(1)		Shares Beneficially Owned After the Offering (Assuming No Exercise of the Over-Allotment Option)(1)		Shares Beneficially Owned After the Offering (Assuming Full Exercise of the Over-Allotment Option)(1)	
Name of Beneficial Owner	Number	Percentage	Number	Percentage	Number	Percentage
Principal Shareholders:						
D.N.A Biomedical Solutions Ltd (2).	31,324	43.7%				
Centillion Fund (3)	16,862	21.1%				
Pontifax (Israel), Pontifax (Cayman) IV L.P. and Pontiax (China) IV Fund L.P. (collectively, "Pontifax") (4)	6,565	8.9%				
Capital Point Ltd. (5)	5,534	7.7%				
Menachem Raphael (6)	4,057	5.6%				

Name of Beneficial Owner	Shares Beneficially Owned Prior to the Offering(1)		Shares Beneficially Owned After the Offering (Assuming No Exercise of the Over-Allotment Option)(1)		Shares Beneficially Owned After the Offering (Assuming Full Exercise of the Over-Allotment Option)(1)	
	Number	Percentage	Number	Percentage	Number	Percentage
Executive Officers and Directors:						
Zeev Bronfeld (7)	31,324	43.7%				
Yonatan Malca (8)	31,324	43.7%				
Dr. Phillip Schwartz (9)	4,457	5.9%				
Dr. Miriam Blum (10)	4,457	5.9%				
Luke M. Beshar (11)	3,381	4.5%				
David Ben Ami (12)	2,416	3.3%				
Gerald Lieberman (13)	1,153	1.6%				
Chaim Davis (14)	1,071	1.5%				
Dr. Roger J. Garceau (15)	1,390	1.9%				
Mira Rosenzweig (16)	*	*				
Dr. Hillel Galitzer (17)	*	*				
All executive officers and directors as a group (11 persons) (18)	45,773	54.7%				

* Less than 1%.

(1) The beneficial ownership of ordinary shares is determined in accordance with the rules of the SEC and generally includes any ordinary shares over which a person exercises sole or shared voting or investment power. For purposes of the table below, we deem shares subject to options or warrants that are currently exercisable or exercisable within 60 days of November 15, 2017, 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.

(2) Consists of (i) 31,178 ordinary shares and (ii) 146 Series B preferred shares. D.N.A Biomedical, whose address is at Shimon Hatarsi 43 St., Tel Aviv, Israel, is controlled by Zeev Bronfeld.

(3) Consists of (i) 8,344 Series A preferred shares, (ii) warrants to purchase 2,086 Series A preferred shares that had been issued to Centillion as of November 15, 2017, (iii) 2,086 Series A preferred shares and a warrant to purchase 522 Series A preferred shares, which shares can be acquired by Centillion at any time until July 20, 2019 pursuant to the terms of our Series A preferred shares purchase agreement, (iv) 427 Series A preferred shares and a warrant to purchase 107 Series A preferred shares, which shares can be acquired by Centillion at any time until July 20, 2019 pursuant to our current Articles, (v) 357 Series B preferred shares, and (vi) warrants to purchase 2,934 Series B-1 preferred shares. Centillion Fund, whose address is at , is controlled by Ariel Israilov.

(4) Consists of (i) 4,689 Series B-1 preferred shares, and (ii) warrants to purchase 1,876 Series B preferred shares. Pontifax 4 GP L.P. (“Pontifax Management”) is the general partner of Pontifax (Israel) 4 LP, Pontifax (Cayman) IV LP and Pontifax (China) IV LP (together, the “Partnerships”). Pontifax Management 4 G.P. (2015) Ltd. (“Pontifax Management GP”) is the general partner of Pontifax Management. Mr. Tomer Kariv and Mr. Ran Nussbaum are directors of Pontifax Management GP and, as such, hold voting and/or dispositive power over the shares held by the Partnerships. The principal business address of the foregoing entities and individuals is 14 Shenkar Street, Herzeliya 46140, Israel.

(5) Consists of 5,534 Series B preferred shares transferred by D.N.A Biomedical to Capital Point. Capital Point, whose address is at Derech Menachem Begin 132 (Azrieli Center) Tel Aviv, Israel, is controlled by .

(6) Consists of (i) 834 Series A preferred shares, (ii) warrants to purchase 208 Series A preferred shares that had been issued to White Car Group, Ltd., who later transferred its shares to Menachem Raphael, as of November 15, 2017, (iii) 208 Series A preferred shares and a warrant to purchase 53 Series A preferred shares, which shares can be acquired by Menachem Raphael until July 20, 2019 pursuant to the terms of our Series A preferred shares purchase agreement, (iv) 1,099 Series B-1 preferred shares (v) warrants to purchase 440 Series B preferred shares (vi) warrants to purchase 293 Series B-1 preferred shares, and (vii) 922 Series B preferred shares issued to D.N.A Biomedical, who later transferred them to Menachem Raphael, whose address is at Ha’seora 12,Tel Aviv Israel.

(7) Zeev Bronfeld is the Chairman of the Board of Directors of D.N.A Biomedical, and as such may be deemed to have shared voting or investment power over the ordinary shares owned by D.N.A Biomedical.

(8) Yonatan Malka is the CEO and a director of D.N.A Biomedical, and as such may be deemed to have shared voting or investment power over the ordinary shares owned by D.N.A Biomedical.

(9) Consists of 4,451 ordinary shares underlying options to acquire ordinary shares exercisable within 60 days of November 15, 2017 and 6 Series B preferred shares. The exercise price of these options is NIS 0.01 per share, and the options expire at various periods between May 2019 and January 2020.

(10) Miriam Blum is the wife of Dr. Phillip Schwartz and may be deemed to have shared voting or investment power over the ordinary shares beneficially owned by Dr. Phillip Schwartz. Ms. Blum disclaims beneficial ownership of such shares.

(11) Consists of (i) 756 options to acquire our ordinary shares, (ii) options to acquire 77 Series B-1 preferred shares exercisable within 60 days of November 15, 2017, (iii) 31 Series B-1 preferred shares to be issued upon the exercise of the 2016 Warrants, (iv) options to acquire 2,517 ordinary shares exercisable within 60 days of November 15, 2017, with an exercise price of $820 per share and expiring on December 1, 2026, granted pursuant to the Service Agreement with Mr. Beshar.

(12) Consists of (i) 242 underlying options to acquire ordinary shares with an exercise price of NIS 0.01, exercisable within 60 days of November 15, 2017, and expiring on March 19, 2019, (ii) 1,563 Series B-1 preferred shares held by Corundum, of which David Ben Ami, a member of our board of directors, is the managing partner, and (iii) warrants to purchase 625 Series B preferred shares held by Corundum.

(13) Consists of (i) 825 options to acquire our ordinary shares, (ii) 156 Series B-1 preferred shares, (iii) 62 Series B preferred shares to be issued upon the exercise of the 2016 Warrants, and (iv) 110 Series B preferred shares.

(14) Consists of (i) 91 ordinary shares, (ii) options to acquire 85 ordinary shares exercisable within 60 days of November 15, 2017, with an exercise price of $240.26 per share and expiring on September 1, 2019 and options to acquire 100 ordinary shares (subject to the shareholders' approval) exercisable within 60 days of November 15, 2017, with an exercise price of $820 per share and expiring on November 15, 2023, (iii) 365 ordinary shares owned by Revach Fund, L.P. ("Revach"), (iv) 416 ordinary shares that can be acquired by Revach upon conversion of the outstanding convertible loan under our Convertible Loan Financing Agreement with Revach, and (v) 14 Series B preferred shares. Mr. Davis is the sole managing director and partner of Revach and may be deemed to beneficially own the ordinary shares owned or that can be acquired by Revach.

(15) Consist of (i) 756 options to acquire our ordinary shares, (ii) 38 Series B-1 preferred shares, (iii) 15 Series B preferred shares to be issued upon the exercise of the 2016 Warrants, and (iv) options to acquire 581 ordinary shares exercisable within 60 days of November 15, 2017, with an exercise price of $820 per share and expiring on December 1, 2026, granted pursuant to the Service Agreement with Dr. Garceau.

(16) Consists of 277 ordinary shares underlying options to acquire ordinary shares exercisable within 60 days of November 15, 2017, and expiring on May 29, 2020. The exercise price of these options is $316 per share.

(17) Consists of 277 ordinary shares underlying options to acquire ordinary shares, of which 127 options have an exercise price of $240.26, and 150 options have an exercise price of NIS 0.01, all exercisable within 60 days of November 15, 2017, and expiring on September 1, 2019.

(18) Consists of (i) 31,634 ordinary shares, (ii) an option to acquire 9,977 ordinary shares (iii) 416 ordinary shares that can be acquired upon conversion of outstanding convertible loans under our Convertible Loan Financing Agreement, (iv) 1,834 Series B-1 preferred shares, (v) warrants to purchase 733 Series B preferred shares, and (vi) 304 Series B preferred Shares.

DESCRIPTION OF SHARE CAPITAL

The following description of our share capital and provisions of our amended Articles are summaries and are qualified by reference to our amended Articles, which have been filed with the SEC as an exhibit to the registration statement of which this prospectus forms a part. Upon the closing of this offering, our current Articles will be replaced by our amended Articles. All references to our Articles of Association in this section refer to our amended Articles.

General

We are an Israeli company incorporated with limited liability, and our affairs are governed by the provisions of our Articles of Association, as amended and restated from time to time, and by the provisions of applicable Israeli law, including the Companies Law. Upon the closing of this offering, our Fifth Amended and Restated Articles of Association currently in effect, or the current Articles, will be further amended and restated and replaced by our Sixth Amended and Restated Articles of Association, or the amended Articles. Other material terms and provisions of our ordinary shares under our amended Articles are described below in "—Ordinary Shares."

Ordinary Shares

Upon the closing of this offering, our authorized share capital will consist of ordinary shares, par value NIS per share, of which shares are issued and outstanding as of date of this prospectus and shares will be issued and outstanding immediately following the closing of this offering (assuming the underwriters do not exercise their option to purchase additional ordinary shares). All of our ordinary shares have been validly issued, fully paid and are non-assessable.

As of November 15, 2017, the number of our ordinary shares outstanding was 34,544, and an additional 22,866 ordinary shares were issuable upon the exercise of outstanding options granted to our officers and employees, at a weighted-average exercise price of $591.17 per share, including 2,850 options that as of November 15, 2017 have been granted but remain subject to approval by our shareholders. See "Management—Share Incentive Plan" for more information about our outstanding option plans.

Preferred Shares

Under the terms of our amended Articles that will become effective upon the closing of this offering, we will not be authorized to issue preferred shares, and there will be no preferred shares outstanding.

Series A Warrants

As of November 15, 2017, we had outstanding warrants to purchase 2,555 of our Series A preferred shares, at an exercise price of $479.38, which, upon the closing of this offering will automatically convert into warrants to purchase 2,555 of our ordinary shares, at an exercise price of $479.38.

Pursuant to the terms of the preferred share purchase agreements with Centillion and certain other preferred shareholders, upon the closing of this offering, and upon the exercise of the right to invest the second milestone amount, we will issue to Centillion and the other preferred shareholders warrants to purchase an additional 641 ordinary shares.

The following summary of certain material terms and provisions of such warrants 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 the registration statement of which this prospectus forms a part.

Exercisability. The warrants are exercisable immediately upon issuance and at any time up to the date that is the earlier of (i) two years after the consummation of this offering or (ii) seven years from the date of issuance. The 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 (i) prior to the consummation of this offering, our preferred shares, (ii) upon and following the consummation of this offering and otherwise after the conversion of all of our preferred shares into ordinary shares, our ordinary shares, and (iii) upon any conversion, exchange, reclassification or change, any security into which our preferred shares or ordinary shares may be converted, exchanged, reclassified or otherwise changed.

Exercise Price. The initial exercise price per applicable share purchasable upon exercise of the warrants is $479.38 per share. The exercise price and the number of shares issuable upon exercise are subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock subdivisions and combinations, reclassifications or similar events affecting our ordinary shares.

Transferability. Absent an effective registration statement filed with the SEC covering the disposition or sale of the warrants or the shares issued or issuable upon exercise of the warrants, and registration or qualification under applicable state securities laws, the holder cannot transfer any or all of the 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 warrants or by virtue of such holder's ownership of our ordinary shares, the holder of a warrant does not have the rights or privileges of a holder of ordinary shares, including any voting rights, until the holder exercises the warrant.

Additional Warrants

As discussed above under "Certain Relationships and Related Party Transactions," in connection with the second amendment to the Centillion preferred share purchase agreement and the first amendment to the additional preferred share purchase agreements with the certain other preferred shareholders, we issued additional warrants to such shareholders.

As of November 15, 2017, we had outstanding additional warrants to purchase 3,594 Series B-1 preferred shares in an aggregate principal amount of $2.45 million, which upon the closing of this offering will become additional warrants to purchase 3,594 of our ordinary shares at an exercise price of $681.585, which represents a 25% discount from the Series B preferred shares price per share.

The following summary of certain material terms and provisions of the additional warrants is not complete and is subject to, and qualified in its entirety by the provisions of, the form of the additional warrant, which is filed as an exhibit to the registration statement of which this prospectus forms a part.

Exercisability. The additional warrants are exercisable upon, and for a period of two years following, a triggering event, which includes certain change of control transactions, certain private placement equity financings of at least $5 million or a public offering on NASDAQ or the New York Stock Exchange. The Series B Private Placement constituted a 2016 Triggering Event as defined in the additional warrants, and as a result, the exercise period for such warrants is two years following October 4, 2017.

Applicable Shares. Series B-1 preferred shares, or ordinary shares if exercised upon or following the closing of this offering.

Exercise Price. The initial exercise price per applicable share purchasable upon exercise of the warrants will be discounted by 25% from the applicable per share price of the shares issued in the relevant triggering event. As a result of the Series B Private Placement, the exercise price was set at $681.585, which represents a 25% discount to the price per share of the Series B preferred shares.

Transferability. Absent an effective registration statement filed with the SEC covering the disposition or sale of the warrants or the shares issued or issuable upon exercise of the warrants, and registration or qualification under applicable state securities laws, the holder cannot transfer any or all of the warrants or the applicable underlying 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 warrants or by virtue of such holder's ownership of our ordinary shares, the holder of a warrant does not have the rights or privileges of a holder of ordinary shares, including any voting rights, until the holder exercises the warrant.

2016 Warrants

In connection with the 2016 Convertible Loan, the Company granted to the lenders warrants, or the 2016 Warrants, in the 2016 Convertible Loan to purchase an additional 40% of the number of the Company's equity securities issued to such lender following the conversion of the loan in to the Company's equity securities following a 2016 Triggering Event. As a result of the Series B preferred shares purchase agreement, the price at which the previously issued 2016 Warrants may be exercised was set at $908.78.

As of November 15, 2017, we had 5,292 outstanding 2016 Warrants in an aggregate principal amount of $4.8 million.

The following summary of certain material terms and provisions of the 2016 Warrants is not complete and is subject to, and qualified in its entirety by the provisions of, the form of the 2016 Warrants, which is filed as an exhibit to the registration statement of which this prospectus forms a part.

Exercisability. The 2016 Warrants are exercisable until June 2020, and will be exercisable into ordinary shares following the completion of this offering.

Applicable Securities. Series B preferred shares, or ordinary shares if exercised upon or following the closing of this offering.

Exercise Price. $908.78 per share.

Transferability. Absent an effective registration statement filed with the SEC covering the disposition or sale of the warrants or the securities issued or issuable upon exercise of the 2016 Warrants, and registration or qualification under applicable state securities laws, the holder cannot transfer any or all of the warrants or the applicable underlying shares unless such transfer is exempt from the registration requirements of the Securities Act and any applicable state securities laws. In addition, the holder can transfer any or all of the 2016 Warrants to a Permitted Transferee, as defined in the Company's current Articles.

Rights as a Shareholder. Except as otherwise provided in the warrants or by virtue of such holder's ownership of our ordinary shares, the holder of a 2016 Warrant does not have the rights or privileges of a holder of ordinary shares, including any voting rights, until the holder exercises the 2016 Warrant.

Series B Warrants

In connection with the Series B Private Placement, the Company issued to GP Nurmenkari Inc., or the placement agent, a warrant to purchase up to 460 Series B preferred shares, or Series B warrants, at a price of $908.78 per share.

The following summary of certain material terms and provisions of the Series B Warrants:

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 warrant, or (ii) the occurrence of a liquidation, bankruptcy, reorganization, dissolution or winding up of the Company, whether voluntary or involuntary.

Applicable Securities. The Series B warrants will be exercisable for Series B preferred shares of the Company, par value NIS 0.01 per share, or any securities issued or issuable according to the Series B warrants, including but not limited to ordinary shares, if exercised upon or following the closing of this offering.

Exercise Price. The initial exercise price will be $908.78 per share, subject to adjustments as provided in the Series B warrants.

Transferability. The Series B warrant cannot be transferred to a third party, other than an affiliate of the holder of such Series B warrant (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 warrant, addressed to the Company stating that the proposed transfer of the warrant 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 warrant does not have the rights or privileges of a holder of ordinary shares, including any voting rights, until the holder exercises the Series B warrant.

Registration Number, Purpose of the Company and Registered Office

Our number with the Israeli Registrar of Companies is 514330604. The purpose of our company appears in Article 2 of our Articles of Association, which is to engage in any lawful activity. In addition, our Articles of Association authorize us to donate reasonable amounts to any charitable cause. Our registered office is at Kiryat Hadassah, Minrav Building – Fifth Floor, Jerusalem 9112002, Israel.

Board of Directors

Under the Companies Law, and Articles of Association, our board of directors may exercise all powers and take all actions that are not required under the Companies Law or under our Articles of Association to be exercised or taken by our shareholders or other corporate body, including the power to borrow money for the purposes of our company. Our directors are not subject to any age limit requirement, nor are they disqualified from serving on our board of directors because of a failure to own a certain amount of our shares. Under our Articles of Association, our board of directors must consist of not less than three but no more than nine directors. Pursuant to our Articles of Association, other than the external directors, for whom special election requirements apply under the Companies Law, the vote required to appoint a director is a simple majority vote of holders of our voting shares participating and voting at the relevant meeting. In addition, our Articles of Association allow our board of directors to appoint new directors to fill vacancies on the board of directors if the number of directors is below the maximum number provided in our Articles of Association. Furthermore, under our Articles of Association, our directors other than external directors are divided into three classes with staggered three-year terms. External directors are elected for an initial term of three years, may be elected for additional terms of three years each under certain circumstances, and may be removed from office pursuant to the terms of the Companies Law. For more information about our board of directors, see "Management."

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.

Mergers and Acquisitions

Mergers

The Companies Law permits merger transactions with the approval of each party's board of directors and shareholders. In accordance with the Companies Law, our Articles of Association provide that a merger may be approved at a shareholders meeting by a majority of the voting power represented at the meeting, in person or by proxy, and voting on that resolution. In determining whether the required majority has approved the merger, shares held by the other party to the merger, any person holding at least 25% of the outstanding voting shares or the means of appointing the board of directors of the other party to the merger, or relatives of or companies controlled by these persons, are excluded from the vote.

Under the Companies Law, a merging company must inform its creditors of the proposed merger. Any creditor of a party to the merger may seek a court order blocking the merger if there is a reasonable concern that the surviving company will not be able to satisfy all of the obligations of the parties to the merger. In addition, a merger may not be completed until at least 50 days have passed from the date that a merger proposal was filed with the Israeli Registrar of Companies by each party and 30 days have passed since the merger was approved by the shareholders of each party.

Tender Offers

The Companies Law also 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 25% or more shareholder of the company, unless there is already a 25% or more shareholder of 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 more than 45% shareholder of the company, unless there is already a more than 45% shareholder of the company. These requirements do not apply if the acquisition (i) occurs in the context of a private placement by the company that received shareholder approval or (ii) was from a 25% or more than 45% shareholder, as the case may be. The tender offer must be extended to all shareholders, but the offeror is not required to purchase more than 5% of the company's voting rights, regardless of how many shares are tendered by shareholders. The tender offer may be consummated only if (i) at least 5% of the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer (excluding the controlling shareholders of the offeror, 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 or any of their relatives or any entity controlled by them). If a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity 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. Shares purchased in contradiction to the tender offer rules under the Israeli Companies Law will have no rights and will become dormant shares.

If as a result of an acquisition of shares the acquirer will hold more than 90% of a company's outstanding shares, the acquisition must be made by means of a tender offer for all of the outstanding shares. If (i) the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company and (ii) more than half of the shareholders who do not have a personal interest in the offer accept the offer, then all the shares that the acquirer offered to purchase will be transferred to it. However, a full tender offer will also be accepted if the shareholders who do not accept the offer holder less than 2% of the issued and outstanding shares of the company. The Companies Law provides for appraisal rights if any shareholder files a request in court within six months following the consummation of a full tender off, but the acquirer is entitled to stipulate that tendering shareholders forfeit their appraisal rights. If (i) the shareholders who did not respond or accept the tender offer hold at least 5% of the issued and outstanding shares of the company 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 do not accept the offer hold 2% or more of the outstanding shares of the company, then the acquirer may not acquire shares that will cause his shareholdings to exceed 90% of the outstanding shares.

Tax Law

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 but 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.

Shareholder Duties

Under the Companies Law, a shareholder has a duty to act in good faith and customary manner toward the company and other shareholders and to refrain from abusing its power in the company, including, among other things, in voting at a meeting of shareholders on the following matters:

- an amendment to the company's articles of association;
- an increase of the company's authorized share capital;
- a merger; or
- interested-party transactions 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 any controlling shareholder, any shareholder who knows that it possesses the power to determine the outcome of a shareholder vote and any shareholder who, under the company's articles of association, has the power to appoint or to prevent the appointment of a director or officer of the company or another power with respect to the company. The Companies Law does not define the substance of this duty of fairness. However, a shareholder's breach of the duty of fairness is subject to laws regarding breaches of contracts, taking into account the position of such shareholder in the company.

Access to Corporate Records

Under the Companies Law, shareholders are provided access to minutes of our general meetings, our shareholders register and principal shareholders register, our articles of association in effect from time to time, our financial statements and any document that we are required by law to file publicly with the Israeli Companies Registrar or the Israel Securities Authority. In addition, shareholders may request to be provided with any document related to an action or transaction requiring shareholder approval under the related party transaction provisions of the Companies Law. We may deny this request if we believe it has not been made in good faith or if such denial is necessary to protect our interest or protect a trade secret or patent.

Listing

We expect to list our ordinary shares on the NASDAQ Capital Market under the symbol "ENTX."

Transfer Agent and Registrar

Upon listing of our ordinary shares for trading on the NASDAQ Capital Market, the transfer agent and registrar for the ordinary shares will be American Stock Transfer & Trust Company, LLC.

TAXATION AND GOVERNMENT PROGRAMS

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. 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 that are purchased in this offering. 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. 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 24% in 2017 (23% in 2018 and thereafter). 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. 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 640,000 for 2017).

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.

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 will be 4%.

As we have not yet generated 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

Israeli law generally imposes a capital gains tax on the sale of any capital assets by residents of Israel, as defined for Israeli tax purposes, and on the sale of capital assets located in Israel, including shares of Israeli companies by non-residents of Israel, unless a specific exemption is available or unless a tax treaty between Israel and the shareholder's country of residence provides otherwise. Israeli law 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 Shareholders

Generally, the tax rate applicable to real capital gains derived from the sale of our ordinary shares acquired pursuant to this offering is 25% for Israeli individuals, unless such shareholder claims a deduction for interest and linkage differences expenses in connection with such shares, in which case the gain will generally be taxed at a rate of 30%. Additionally, if such shareholder 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 will be 30%. A "significant shareholder" is defined as a person who holds, directly or indirectly, including together with others, at least 10% of any means of control in the company (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). However, different tax rates will apply to dealers in securities, whose income from the sale of securities is considered "business income". An additional tax of 3% will be imposed on individuals whose annual taxable income exceeds a certain threshold (NIS 640,000 for 2017). Israeli companies are subject to the corporate tax rate on real capital gains derived from the sale of shares at the rate of 24% in 2017 (23% in 2018 and thereafter). Individual and corporate shareholder dealing in securities in Israel are taxed at the tax rates applicable to "business income": 24% for corporations in 2017 (23% in 2018 and thereafter) and a marginal tax rate of up to 47% in 2017 and thereafter for individuals, plus an additional tax of 3%, which is imposed on individuals whose annual taxable income exceeds a certain threshold (NIS 640,000 for 2017).

Non-Israeli Resident Shareholders

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 shares of Israeli companies publicly traded on a recognized stock exchange outside of Israel, provided, among other things, that such shareholders did not acquire their shares prior to the company's initial public offering and the gains were not derived from a permanent establishment of such shareholders in Israel. However, shareholders that are non-Israeli entities 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 shares 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, as amended, 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 shareholder 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 shareholder presenting a withholding certificate issued by the Israel Tax Authority prior to the applicable payment.

Withholding and Reporting

Either the purchaser, the Israeli stockbrokers or financial institutions through which the shares are held is obliged to withhold tax on the amount of consideration paid upon the sale of securities (or on the capital gain realized on the sale, if known) at the Israeli corporate tax rate for Israeli companies (24% in 2017 and 23% in 2018 and thereafter). In case the seller is an individual, the applicable withholding tax rate would be 25%.

In some instances where our shareholders may be liable for Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at source. Shareholders, including non-Israeli resident shareholders, 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 shares of an Israeli resident company, in the form of a merger or otherwise, the Israel Tax Authority may require non-Israeli resident shareholders 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 shares 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 June 30 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 shareholder that is considered a “significant shareholder” (as defined below) 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 shareholders’ tax liability.

Moreover, an additional tax of 3% will be imposed on individuals whose annual taxable income exceeds a certain threshold (NIS 640,000 for 2017).

Non-Israeli Residents

Non-residents of Israel (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 shareholder that is considered a

"significant shareholder" (as defined above) at 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. Dividends not derived from income attributable to a Preferred Enterprise, Preferred Technology Enterprise or Special Preferred Technology Enterprise, are generally subject to Israeli withholding tax at a rate of 25% so long as the shares of a publicly traded company are registered with a nominee company (regardless of whether the recipient is a significant shareholder), unless a different rate is provided in a treaty between Israel and the shareholder's country of residence.

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) 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 Israeli Tax Authority.

The aforementioned rates under the U.S.-Israel Double 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, and (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed.

Eligibility to benefit from tax treaties is conditioned upon the shareholder presenting a withholding certificate issued by the Israel Tax Authority prior to the applicable dividend distribution.

Excess Tax

Individuals who are subject to tax in Israel are also subject to an additional tax at a rate of 3% on annual income exceeding a certain threshold (NIS 640,000 for 2017), which amount is linked to the annual change in the Israeli consumer price index, including, but not limited to, dividends, interest and capital gain, subject to the provisions of an applicable tax treaty.

Material U.S. Federal Income Tax Considerations for U.S. Holders

In the opinion of Davis Polk & Wardwell LLP, 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, 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 acquire the ordinary shares. This discussion applies only to a U.S. Holder that acquires our ordinary shares in this offering and holds the ordinary shares as capital assets for U.S. federal income tax purposes. 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 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 as part of a "straddle" or integrated transaction or persons entering into a constructive sale with respect to the ordinary shares;
- 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 voting stock; or
- persons holding our ordinary shares 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, 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 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.

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 offering 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 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 in their particular circumstances.

Taxation of Distributions

Subject to the discussion below under “Passive Foreign Investment Company Rules,” distributions, if any, 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”. 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 by us 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. 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.

Passive Foreign Investment Company Rules

We may be a "passive foreign investment company," or a PFIC, for our 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, the income test or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income, the assets test. Generally, "passive income" includes interest, dividends, rents, royalties and certain gains, and cash (including cash raised in this offering) is a passive asset for PFIC purposes.

The assets shown on our balance sheet are expected 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. Because the value of our goodwill may be determined by reference to the market price of our ordinary shares from time to time, which may be especially volatile given the nature and early stage of our business, and because a company's PFIC status is an annual determination that can be made 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 other taxable year. In addition, it is not clear how to apply the income test to a company such as our company, whose only income for a relevant taxable year is passive interest income but whose overall losses significantly exceed the amount of such passive income. We believe that it is reasonable to take the position that a company like us, whose overall losses exceed its passive income, would not be a PFIC if it otherwise would not be a PFIC under the assets test for the relevant taxable year, but there can be no assurance that the Internal Revenue Service will respect, or a court will uphold, such position.

For purposes of the assets test and income test, 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, an adverse tax regime would apply to the U.S. Holder's investment in our ordinary shares. Generally, gain recognized upon a disposition (including, under certain circumstances, a pledge) of ordinary shares by the U.S. Holder would be allocated ratably over the U.S. Holder's holding period for such ordinary shares. 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 exceeded 125% of the average of the annual distributions received on such ordinary shares 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.

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 , where our ordinary shares are expected to be 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). 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 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 for any year during which a U.S. Holder owns ordinary shares, we generally would continue to be treated as a PFIC with respect to such U.S. Holder's ordinary shares 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.

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 would not apply. In addition, if we were a PFIC for any taxable year during which a U.S. Holder owns ordinary shares, the U.S. Holder would be required to file annual reports with the Internal Revenue Service, subject to certain exceptions.

U.S. Holders should consult their tax advisers regarding the potential application of the PFIC rules to an investment in our ordinary shares.

Information Reporting and Backup Withholding

Payments of dividends 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 Internal Revenue Service.

Information with Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals and certain closely-held entities may be required to report information relating to the ordinary shares, unless the ordinary shares 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.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our ordinary shares. Future sales of our ordinary shares in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our ordinary shares in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Based on the number of ordinary shares outstanding as of November 15, 2017, upon completion of this offering ordinary shares will be outstanding (which includes ordinary shares issuable upon the conversion of our preferred shares that will be outstanding upon the closing of this offering and ordinary shares issuable upon the conversion of our convertible loans that will be outstanding upon the closing of this offering), assuming no exercise of options or outstanding warrants or the underwriters' option to purchase additional ordinary shares from us.

Of these shares, the ordinary shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining ordinary shares outstanding after this offering will be "restricted securities" under Rule 144, and we expect that substantially all of these restricted securities will be subject to the 180-day lock-up period under the lock-up agreements described below. Following the expiration of these lock-up periods, those shares may be registered or may be eligible for resale in compliance with Rules 144 or 701 under the Securities Act, as described below.

Lock-up Agreements

We and our executive officers, directors, and certain of our shareholders and lenders have agreed not to offer, sell, agree to sell, directly or indirectly, or otherwise dispose of any ordinary shares or any securities convertible into or exchangeable for ordinary shares except for the ordinary shares offered in this offering without the prior written consent of Oppenheimer & Co. Inc. for a period of 180 days after the date of this prospectus, subject to certain exceptions. After the expiration of the 180-day period, the shares may be sold subject to the restrictions under Rule 144 or 701 under the Securities Act or by means of registered public offerings. Certain securities held by our shareholders shall not be subject to any such lock-up period, other than as required by applicable law, rule or regulation. The underwriters may, in their sole discretion, at any time without prior notice, release all or any portion of the shares from the restrictions in any such agreement.

Rule 144

Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is an affiliate of ours, or who was an affiliate at any time during the 90 days before a sale, who has beneficially owned part of our shares for at least six months would be entitled to sell in "broker's transactions" or certain "riskless principal transactions" or to market makers, a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of our shares then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of our ordinary shares on the NASDAQ Capital Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Affiliate resales under Rule 144 also are subject to the availability of current public information about us. In addition, if the number of securities being sold under Rule 144 by an affiliate during any three-month period exceeds 5,000 securities or has an aggregate sale price in excess of $50,000, the seller must file a notice on Form 144 with

the SEC and concurrently with either the placing of a sale order with the broker or the execution directly with a market maker.

Nonaffiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is not an affiliate of ours at the time of sale, and has not been an affiliate at any time during the three months preceding a sale, and who has beneficially owned shares of our shares for at least six months but less than a year, is entitled to sell such securities subject only to the availability of current public information about us. If such person has held our shares for at least one year, such person can resell under Rule 144(b)(1) without regard to any Rule 144 restrictions, including the 90-day public company requirement and the current public information requirement. Nonaffiliate resales are not subject to the manner of sale, volume limitation or notice filing provisions of Rule 144.

Rule 701

In general, under Rule 701 of the Securities Act, each of our employees, consultants or advisors who acquires our ordinary shares from us in connection with a compensatory share plan or other written agreement executed prior to the closing of this offering is eligible to resell such ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

Form S-8 Registration Statement

After the completion of this offering, we intend to file one or more registration statements on Form S-8 under the Securities Act covering our shares subject to outstanding options and shares issuable under the Plan, permitting the resale of such shares by nonaffiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market, subject to compliance with the resale provisions of Rule 144. Accordingly, our shares registered under any such registration statement will be available for sale in the open market upon exercise by the holders, subject to vesting and holding restrictions, as applicable, Rule 144 limitations applicable to our affiliates and the contractual lock-up provisions described above.

Selling Stockholder Resale Prospectus

As described in the Explanatory Note to the registration statement of which this prospectus forms a part, the registration statement also contains the Selling Stockholder Resale Prospectus to be used in connection with the potential resale by certain selling stockholders of our ordinary shares issued. These ordinary shares have been registered to permit public resale of such shares, and the selling stockholders may offer the shares for resale from time to time pursuant to the Selling Stockholder Resale Prospectus. The selling stockholders may also sell, transfer or otherwise dispose of all or a portion of their shares in transactions exempt from the registration requirements of the Securities Act or pursuant to another effective registration statement covering those shares.

Registration Rights

We, certain of our shareholders and certain lenders under our convertible financing agreements have entered into an investors rights agreement. Upon completion of this offering, the holders of ordinary shares will be entitled to various rights with respect to the registration of these shares 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 this 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

After we become eligible to file a registration statement on Form F-3, which will not be until at least 12 months after the date of this prospectus, 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 this 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 the application of this registration statement a separate 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).

UNDERWRITING

We entered into an underwriting agreement with the underwriters named below on , 2017. Oppenheimer & Co. Inc. is acting as the representative of the underwriters. The underwriting agreement provides for the purchase of a specific number of ordinary shares by each of the underwriters. The underwriters' obligations are several, which means that each underwriter is required to purchase a specified number of ordinary shares, but is not responsible for the commitment of any other underwriter to purchase ordinary shares. Subject to the terms and conditions of the underwriting agreement, each underwriter has severally agreed to purchase the number of ordinary shares set forth opposite its name below:

Underwriter	Number of Ordinary Shares
Oppenheimer & Co. Inc.	
Total	

The underwriters have agreed to purchase all of the ordinary shares offered by this prospectus (other than those covered by the over-allotment option described below) if any are purchased.

The ordinary shares of common stock offered hereby are expected to be ready for delivery on or about , 2017 against payment in immediately available funds.

The underwriters are offering the ordinary shares subject to various conditions and may reject all or part of any order. The representative of the underwriters has advised us that the underwriters propose initially to offer the ordinary shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at a price less a concession not in excess of $ per ordinary share to brokers and dealers. After the ordinary shares are released for sale to the public, the representative may change the offering price, the concession, and other selling terms at various times.

We have granted the underwriters an over-allotment option. This option, which is exercisable for up to 30 days after the date of this prospectus, permits the underwriters to purchase a maximum of additional ordinary shares from us to cover over-allotments, if any. If the underwriters exercise all or part of this option, they will purchase ordinary shares covered by the option at the public offering price that appears on the cover page of this prospectus, less the underwriting discounts and commissions. If this option is exercised in full, the total price to public will be $, and the total proceeds to us, before expenses, will be $. The underwriters have severally agreed that, to the extent the over-allotment option is exercised, they will each purchase a number of additional ordinary shares proportionate to the underwriter's initial amount reflected in the foregoing table.

The following table provides information regarding the amount of the discounts and commissions to be paid to the underwriters by us, before expenses:

	Per Ordinary Share	Total Without Exercise of Over-Allotment Option	Total With Full Exercise of Over-Allotment Option
Public offering price	$	$	$
Underwriting discounts and commissions	$	$	$
Proceeds, before expenses, to us	$	$	$

We estimate that our total expenses of the offering, excluding the estimated underwriting discounts and commissions, will be approximately $. We have agreed to reimburse the underwriters up to $ for

expenses related to any filing with, and any clearance of this offering by, the Financial Industry Regulatory Authority, Inc.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

We and our officers and directors have agreed to a 90-day “lock-up” with respect to our ordinary shares and other of our securities that they beneficially own, including securities that are convertible into ordinary shares and securities that are exchangeable or exercisable ordinary shares. This means that, subject to certain exceptions, for a period of 90 days following the date of this prospectus, we and such persons may not offer, sell, pledge or otherwise dispose of these securities without the prior written consent of Oppenheimer & Co. Inc.

Rules of the Securities and Exchange Commission may limit the ability of the underwriters to bid for or purchase ordinary shares before the distribution of the ordinary shares is completed. However, the underwriters may engage in the following activities in accordance with the rules:

- Stabilizing transactions — The representative may make bids or purchases for the purpose of pegging, fixing or maintaining the price of the ordinary shares, so long as stabilizing bids do not exceed a specified maximum.

- Over-allotments and syndicate covering transactions — The underwriters may sell more ordinary shares in connection with this offering than the number of ordinary shares that they have committed to purchase. This over-allotment creates a short position for the underwriters. This short sales position may involve either “covered” short sales or “naked” short sales. Covered short sales are short sales made in an amount not greater than the underwriters’ over-allotment option to purchase additional ordinary shares in this offering described above. The underwriters may close out any covered short position either by exercising its over-allotment option or by purchasing ordinary shares in the open market. To determine how they will close the covered short position, the underwriters will consider, among other things, the price of ordinary shares available for purchase in the open market, as compared to the price at which they may purchase ordinary shares through the over-allotment option. Naked short sales are short sales in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing ordinary shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that, in the open market after pricing, there may be downward pressure on the price of the ordinary shares that could adversely affect investors who purchase ordinary shares in this offering.

- Penalty bids — If the representative purchases ordinary shares in the open market in a stabilizing transaction or syndicate covering transaction, it may reclaim a selling concession from the underwriters and selling group members who sold those ordinary shares as part of this offering.

- Passive market making — Market makers in the ordinary shares who are underwriters or prospective underwriters may make bids for or purchases of ordinary shares, subject to limitations, until the time, if ever, at which a stabilizing bid is made.

Similar to other purchase transactions, the underwriters’ purchases to cover the syndicate short sales or to stabilize the market price of our ordinary shares may have the effect of raising or maintaining the market price of our ordinary shares or preventing or mitigating a decline in the market price of our ordinary shares. As a result, the price of the ordinary shares of our common stock may be higher than the price that might otherwise exist in the open market. The imposition of a penalty bid might also have an effect on the price of the ordinary shares if it discourages resales of the ordinary shares.

Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of the ordinary shares. These transactions may occur on The NASDAQ Capital Market or otherwise. If such transactions are commenced, they may be discontinued without notice at any time.

Electronic Delivery of Preliminary Prospectus

A prospectus in electronic format may be delivered to potential investors by one or more of the underwriters participating in this offering. The prospectus in electronic format will be identical to the paper version

of such prospectus. Other than the prospectus in electronic format, the information on any underwriter's website and any information contained in any other website maintained by an underwriter is not part of this prospectus or the registration statement of which this prospectus forms a part.

Notice to Non-U.S. Investors

Belgium

The offering is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and this document or any other offering material relating to the ordinary shares has not been and will not be approved by, the Belgian Banking, Finance and Insurance Commission ("Commission bancaire, financière et des assurances/Commissie voor het Bank, Financie en Assurantiewezen"). Any representation to the contrary is unlawful.

Each underwriter has undertaken not to offer sell, resell, transfer or deliver directly or indirectly, any ordinary shares, or to take any steps relating/ancillary thereto, and not to distribute or publish this document or any other material relating to the ordinary shares or to the offering in a manner which would be construed as: (a) a public offering under the Belgian Royal Decree of 7 July 1999 on the public character of financial transactions; or (b) an offering of securities to the public under Directive 2003/71/EC which triggers an obligation to publish a prospectus in Belgium. Any action contrary to these restrictions will cause the recipient and the company to be in violation of the Belgian securities laws.

Canada

This document constitutes an "exempt offering document" as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the securities described herein (the "Securities"). No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the Securities and any representation to the contrary is an offence.

Canadian investors are advised that this document has been prepared in reliance on section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"). Pursuant to section 3A.3 of NI 33-105, this document is exempt from the requirement to provide investors with certain conflicts of interest disclosure pertaining to "connected issuer" and/or "related issuer" relationships as would otherwise be required pursuant to subsection 2.1(1) of NI 33-105.

Resale Restrictions

The offer and sale of the securities in Canada is being made on a private placement basis only and is exempt from the requirement to prepare and file a prospectus under applicable Canadian securities laws. Any resale of Securities acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the securities outside of Canada.

Representations of Purchasers

Each Canadian investor who purchases the securities will be deemed to have represented to the issuer and to each dealer from whom a purchase confirmation is received, as applicable, that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* ("NI 45-106") or, in Ontario, as such term is defined in section 73.3(1) of the *Securities Act* (Ontario); and (iii) is a "permitted client" as such term is

defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Taxation and Eligibility for Investment

Any discussion of taxation and related matters contained in this document does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the securities and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the securities or with respect to the eligibility of the securities for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Rights of Action for Damages or Rescission

Securities legislation in certain of the Canadian jurisdictions provides certain purchasers of securities pursuant to an offering memorandum, including where the distribution involves an "eligible foreign security" as such term is defined in Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions* and in Multilateral Instrument 45-107 *Listing Representation and Statutory Rights of Action Disclosure Exemptions*, as applicable, with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum, or other offering document that constitutes an offering memorandum, and any amendment thereto, contains a "misrepresentation" as defined under applicable Canadian securities laws. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed under, and are subject to limitations and defences under, applicable Canadian securities legislation. In addition, these remedies are in addition to and without derogation from any other right or remedy available at law to the investor.

Language of Documents

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

France

Neither this prospectus nor any other offering material relating to the ordinary shares has been submitted to the clearance procedures of the Autorité des marchés financiers in France. The ordinary shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the ordinary shares has been or will be: (a) released, issued, distributed or caused to be released, issued or distributed to the public in France; or (b) used in connection with any offer for subscription or sale of the ordinary shares to the public in France. Such offers, sales and distributions will be made in France only: (i) to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d'investisseurs), in each case investing for their own account, all as defined in and in accordance with Articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monétaire et financier; (ii) to investment services providers authorised to engage in portfolio management on behalf of third parties; or (iii) in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French Code monétaire et financier and article 211-2 of the General Regulations (Règlement Général) of the Autorité des marchés financiers, does not constitute a public offer (appel public à l'épargne). Such ordinary shares may be resold only in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code monétaire et financier.

Israel

This prospectus does not constitute a prospectus under the Israeli Securities Law, 5728-1968 (the "Securities Law"), and has not been filed with or approved by the Israel Securities Authority. In the State of Israel,

this document is being distributed only to, and is directed only at, and any offer of the ordinary shares is directed only at, investors listed in the first addendum to the Israeli Securities Law (the "Addendum"), consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds, entities with equity in excess of NIS 50 million and "qualified individuals", each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors (in each case purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified investors will be required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it.

Italy

The offering of the ordinary shares offered hereby in Italy has not been registered with the Commissione Nazionale per la Società e la Borsa ("CONSOB") pursuant to Italian securities legislation and, accordingly, the ordinary shares offered hereby cannot be offered, sold or delivered in the Republic of Italy ("Italy") nor may any copy of this prospectus or any other document relating to the ordinary shares offered hereby be distributed in Italy other than to professional investors (operatori qualificati) as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July, 1998 as subsequently amended. Any offer, sale or delivery of the ordinary shares offered hereby or distribution of copies of this prospectus or any other document relating to the ordinary shares offered hereby in Italy must be made:

(a) by an investment firm, bank or intermediary permitted to conduct such activities in Italy in accordance with Legislative Decree No. 58 of 24 February 1998 and Legislative Decree No. 385 of 1 September 1993 (the "Banking Act");

(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy; and

(c) in compliance with any other applicable laws and regulations and other possible requirements or limitations which may be imposed by Italian authorities.

Sweden

This prospectus has not been nor will it be registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this prospectus may not be made available, nor may the ordinary shares offered hereunder be marketed and offered for sale in Sweden, other than under circumstances which are deemed not to require a prospectus under the Financial Instruments Trading Act (1991: 980).

Switzerland

The ordinary shares offered pursuant to this prospectus will not be offered, directly or indirectly, to the public in Switzerland and this prospectus does not constitute a public offering prospectus as that term is understood pursuant to art. 652a or art. 1156 of the Swiss Federal Code of Obligations. The company has not applied for a listing of the ordinary shares being offered pursuant to this prospectus on the SWX Swiss Exchange or on any other regulated securities market, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the relevant listing rules. The ordinary shares being offered pursuant to this prospectus have not been registered with the Swiss Federal Banking Commission as foreign investment funds, and the investor protection afforded to acquirers of investment fund certificates does not extend to acquirers of ordinary shares.

Investors are advised to contact their legal, financial or tax advisers to obtain an independent assessment of the financial and tax consequences of an investment in ordinary shares.

United Kingdom/Germany/Norway/The Netherlands

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any ordinary shares which are the subject of the offering contemplated by this prospectus may not be made in that Relevant Member State other than the offers

contemplated in this prospectus in name(s) of Member State(s) where prospectus will be approved or passported for the purposes of a non-exempt offer once this prospectus has been approved by the competent authority in such Member State and published and passported in accordance with the Prospectus Directive as implemented in name(s) of relevant Member State(s) except that an offer to the public in that Relevant Member State of any ordinary shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) by the representative to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of ordinary shares shall result in a requirement for the publication by the company or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any ordinary shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any ordinary shares to be offered so as to enable an investor to decide to purchase any ordinary shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of any ordinary shares in circumstances in which section 21(1) of the FSMA does not apply to the company; and

(b) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the ordinary shares in, from or otherwise involving the United Kingdom.

EXPENSES RELATED TO THE OFFERING

The following table sets forth the costs and expenses, other than underwriting discounts and underwriting expenses, payable by us in connection with this offering. With the exception of the SEC registration fee, the listing fee and the FINRA filing fee, all amounts are estimates.

SEC registration fee	$	6,225
listing fee		
FINRA filing fee	$	8,000
Printing expenses		
Legal fees and expenses		
Accounting fees and expenses		
Transfer agent’s fees		
Miscellaneous		
Total	$	

LEGAL MATTERS

The validity of the ordinary shares being offered by this prospectus and other legal matters concerning this offering relating to Israeli law will be passed upon for us by Herzog Fox & Neeman, Tel Aviv, Israel. Certain legal matters in connection with this offering relating to U.S. law will be passed upon for us by Davis Polk & Wardwell LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for the underwriters by Gornitzky & Co., Tel Aviv, Israel, with respect to Israeli law, and by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., New York, New York, with respect to U.S. law.

EXPERTS

The financial statements as of December 31, 2016 and 2015 and for each of the two years in the period ended December 31, 2016 included in this prospectus have been so included in reliance on the report (which contains an explanatory paragraph relating to the Company's ability to continue as a going concern as described in Note 1 to the financial statements) of Kesselman & Kesselman, Certified Public Accountants (Israel), a member firm of PricewaterhouseCoopers International Limited, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting. The current address of Kesselman & Kesselman, Certified Public Accountants (Israel) is 25 Hamered Street, Tel Aviv, Israel 6812508.

ENFORCEABILITY OF CIVIL LIABILITIES

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, named in this prospectus, many 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.

We have been informed by our legal counsel in Israel that it may also be difficult 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. There is little binding case law in Israel addressing these matters. 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.

Subject to specified time limitations and legal procedures, under the rules of private international law currently prevailing in Israel, Israeli courts may enforce a U.S. judgment in a civil matter which, subject to certain exceptions, is non-appealable, including a judgment based upon the civil liability provisions of the U.S. securities laws, as well

as a monetary or compensatory judgment in a non-civil matter, provided that, among other things, the following conditions are met:

- the judgment is enforceable under the laws of State of Israel and under the laws of the state in which it was given;
- the judgment was rendered by a court of competent jurisdiction under the rules of private international law prevailing in Israel;
- the laws of the state in which the judgment was given provides for the enforcement of judgments of Israeli courts;
- adequate service of process has been effected and the defendant has had a reasonable opportunity to be heard and present his or her evidence;
- the judgment and the enforcement of the judgment are not contrary to the law, public policy, security or sovereignty of the State of Israel;
- the judgment was not obtained by fraudulent means and does not conflict with any other valid judgment in the same matter between the same parties; and
- an action between the same parties in the same matter is not pending in any Israeli court at the time the lawsuit is instituted in the foreign court.

If a foreign judgment is enforced by an Israeli court, it generally will be payable in Israeli currency, which can then be converted into non-Israeli currency and transferred out of Israel. The usual practice in an action before an Israeli court to recover an amount in a non-Israeli currency is for the Israeli court to issue a judgment for the equivalent amount in Israeli currency at the rate of exchange in force on the date of the judgment, but the judgment debtor may make payment in foreign currency. Pending collection, the amount of the judgment of an Israeli court stated in Israeli currency ordinarily will be linked to the Israeli consumer price index plus interest at the annual statutory rate set by Israeli regulations prevailing at the time. Judgment creditors must bear the risk of unfavorable exchange rates fluctuations.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form F-1 under the Securities Act relating to this offering of our ordinary shares. This prospectus does not contain all of the information contained in the registration statement. The rules and regulations of the SEC allow us to omit certain information from this prospectus that is included in the registration statement. Statements made in this prospectus concerning the contents of any contract, agreement or other document are summaries of all material information about the documents summarized, but are not complete descriptions of all terms of these documents. If we filed any of these documents as an exhibit to the registration statement, you may read the document itself for a complete description of its terms.

You may read and copy the registration statement, including the related exhibits and schedules, and any document we file with the SEC without charge at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Room 1580, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains an Internet website that contains reports and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are also available to the public through the SEC's website at http://www.sec.gov.

We are not currently subject to the informational requirements of the Exchange Act. Upon completion of this offering, we will be subject to the information reporting requirements of the Exchange Act that are applicable to foreign private issuers, and under those requirements will file reports with the SEC. Those reports or other information may be inspected without charge at the locations described above. As a foreign private issuer, we will be exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our

officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file annual, quarterly and current 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 intend to file with the SEC, within four months after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and to submit to the SEC, on Form 6-K, unaudited quarterly financial information for the first three quarters of each fiscal year.

We maintain a corporate website at www.enterabio.com. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus and is not incorporated by reference herein. We have included our website address in this prospectus solely for informational purposes.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the shareholders of

ENTERA BIO LTD.

We have audited the accompanying statements of financial position of Entera Bio Ltd. (the "Company") as of December 31, 2016 and 2015 and the related statements of comprehensive loss, changes in capital deficiency and cash flows for the years then ended. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015 and the results of its operations and its cash flows for the years then ended, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1a.2 to the financial statements, the Company has suffered recurring losses from operations, has negative working capital 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 1a.2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Tel-Aviv, Israel
July 13, 2017

/s/ Kesselman & Kesselman
Certified Public Accountants (lsr.)
A member firm of PricewaterhouseCoopers International Limited

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ENTERA BIO LTD.

STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2016	December 31 2015
		U.S. dollars in thousands	
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	5	4,163	1,205
Restricted deposits	7a2	1,075	—
Other current assets	12a	195	695
TOTAL CURRENT ASSETS		5,433	1,900
NON-CURRENT ASSETS:			
Property and equipment		199	193
Intangible assets	6	654	654
TOTAL NON-CURRENT ASSETS		853	847
TOTAL ASSETS		6,286	2,747
Liabilities net of capital deficiency			
CURRENT LIABILITIES:			
Accounts payable:			
Trade		53	351
Other	12b	604	453
Convertible loans	7	9,885	—
TOTAL CURRENT LIABILITIES		10,542	804
NON-CURRENT LIABILITIES:			
Convertible loans	7	4,835	8,053
Preferred shares	8	11,031	13,062
Warrants to purchase preferred shares and shares	7,8	4,800	4,332
Liability to issue preferred shares and warrants	8	273	2,154
Severance pay obligations, net		51	29
TOTAL NON-CURRENT LIABILITIES		20,990	27,630
TOTAL LIABILITIES		31,532	28,434
COMMITMENTS AND CONTINGENCIES	9		
CAPITAL DEFICIENCY:	10		
Ordinary Shares, NIS 0.01 par value:			
Authorized - as of December 31, 2016 and 2015,			
1,000,000 shares; issued and outstanding			
as of December 31, 2016 -34,544 shares and as of December 31, 2015 - 34,396 shares		*	*
Accumulated other comprehensive income		41	41
Other reserves		2,844	1,354
Additional paid in capital		2,485	2,335
Accumulated deficit		(30,616)	(29,417)
TOTAL CAPITAL DEFICIENCY		(25,246)	(25,687)
TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY		6,286	2,747

* Represents an amount less than one thousand.

The accompanying notes are an integral part of the financial statements.

ENTERA BIO LTD.

STATEMENTS OF COMPREHENSIVE LOSS

	Note	Year ended December 31 2016	2015
		U.S. dollars in thousands	
RESEARCH AND DEVELOPMENT EXPENSES		2,648	2,115
GENERAL AND ADMINISTRATIVE EXPENSES		2,719	1,586
OPERATING LOSS		5,367	3,701
FINANCIAL (INCOME) EXPENSES:	7,8		
(Income) loss from change in fair value of financial liabilities at fair value		(4,311)	447
Other financial expenses, net		143	134
FINANCIAL (INCOME) EXPENSES, net		(4,168)	581
NET COMPREHENSIVE LOSS		1,199	4,282
		U.S. dollars (except for share numbers)	
LOSS PER ORDINARY SHARE -	13		
Basic		35	124
Diluted		102	124
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES -			
Basic		34,409	34,396
Diluted		51,972	34,396

The accompanying notes are an integral part of the financial statements

ENTERA BIO LTD.

STATEMENTS OF CHANGES IN 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, 2015	34,396	*	41	988	2,335	(25,135)	(21,771)
CHANGES DURING THE YEAR							
ENDED DECEMBER 31, 2015:							
Loss for the year						(4,282)	(4,282)
Share-based compensation				366			366
BALANCE AT DECEMBER 31, 2015	34,396	*	41	1,354	2,335	(29,417)	(25,687)
CHANGES DURING THE YEAR							
ENDED DECEMBER 31, 2016:							
Issuance of shares	148	*			150		150
Loss for the year						(1,199)	(1,199)
Share-based compensation				1,490			1,490
BALANCE AT DECEMBER 31, 2016	34,544	*	41	2,844	2,485	(30,616)	(25,246)

* Represents an amount of less than one thousand.

The accompanying notes are an integral part of the financial statements

ENTERA BIO LTD.

STATEMENTS OF CASH FLOWS

	Year ended December 31	
	2016	2015
	U.S dollars in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the year	(1,199)	(4,282)
Adjustments required to reflect net cash used in operating activities (see appendix A)	(1,943)	787
Net cash used in operating activities	(3,142)	(3,495)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in restricted deposits	(1,075)	—
Purchase of property and equipment	(41)	(54)
Net cash used in investing activities	(1,116)	(54)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of preferred shares and warrants	—	2,460
Proceeds from convertible loan and warrants, net	7,216	2,005
Net cash generated from financing activities	7,216	4,465
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,958	916
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,205	290
FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		(1)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4,163	1,205
APPENDIX A:		
Adjustments required to reflect net cash used in operating activities:		
Depreciation	35	28
(Gain) loss from change in fair value of financial liabilities at fair value	(4,311)	447
Issuance costs related to convertible loan and warrants	363	—
Financial expenses	105	129
Net changes in severance pay	22	—
Share-based compensation	1,490	366
	(2,296)	970
Changes in working capital:		
Decrease (increase) in other current assets	500	(593)
(Decrease) increase in accounts payable:		
Trade	(298)	227
Other	151	183
	353	(183)
	(1,943)	787

SUPPLEMENTARY INFORMATION ON INVESTING AND FINANCING ACTIVITIES NOT INVOLVING CASH FLOWS:

As to extinguishment of convertible loans see note 7.

The accompanying notes are an integral part of the financial statements

NOTE 1 - GENERAL INFORMATION:

a. General:

1) Entera Bio Ltd. (the "Company") was incorporated on June 1, 2010. The Company is a clinical-stage biopharmaceutical company, focused on the development and commercialization of orally delivered large molecule therapeutics in areas with significant unmet medical needs. Currently the Company is focused on the development of oral capsules for the treatment of hypoparathyroidism and osteoporosis.

2) Since the Company is engaged in research and development activities, it has not yet derived income from its activity and has incurred through December 31, 2016, accumulated losses in the amount of $30,616 thousand. The Company also has negative working capital and has cash outflows from operating activities. The Company's management is of the opinion that its available funds as of December 31, 2016 will not allow the Company to execute its development plans in the upcoming year. 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, as the Company will need to finance future research and development activities and general and administrative expenses through fund raising. However, there is no certainty about the Company's ability to obtain such funding.

   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.

b. Approval of financial statements

These financial statements were approved by the Board of Directors on July 13, 2017.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of preparation of the financial statements:

The financial statements of the Company as of December 31, 2016 and 2015 and for each of the two years then ended 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 convention, subject to adjustments in respect of revaluation of financial liabilities at fair value through profit or loss. The Company's financial liabilities at fair value through profit or loss include convertible loans, preferred shares, warrants to preferred shares and shares and liability to issue preferred shares and warrants.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**:**

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 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.

c. 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.

d. Restricted deposits:

Restricted cash deposits relate to accounts where withdrawals are restricted under contractual agreements.

e. 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) Assets are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**:**

f. 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.

During the years ended December 31, 2016 and 2015, 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 is not depreciated during the research and development period. Such assets are tested annually for impairment.

g. Impairment of non-financial assets

Intangible assets not ready to use are not subject to amortization and 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, 2016 and 2015, no impairment has been recognized.

h. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**:**

i. Financial Liabilities:

1) Financial liabilities at fair value through profit or loss

This category includes the Company's 2016 Convertible Loan (see note 7), 2012 Convertible Loan (see note 7), preferred shares, warrants to purchase preferred shares and shares and liability to issue preferred shares and warrants (see note 8). The convertible loans and preferred shares are convertible into a variable number of ordinary shares. 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".

2) Other financial liabilities

Other financial liabilities, including the 2015 Convertible Loan (see note 7a(2)), are initially measured at fair value. In subsequent periods, the other financial liabilities are measured at amortized cost. Any difference between the consideration (net of transaction costs) and the redemption value is accreted to profit or loss over the term of the liability, using the effective interest method.

Interest expense is calculated using the effective interest rate method as described in IAS 39 "Financial instruments".

Financial liabilities are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period, in which case they are classified as noncurrent liabilities.

j. 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.

k. 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)**:**

l. Share-based payments

The Company adopted a share-based compensation plan for employees, directors and service providers. As part of the plan, 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.

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, which 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.

m. 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 International Accounting Standard Number 20 "The Accounting Treatment of Government Grants and Disclosure in respect of Government Assistance" ("IAS 20"). 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 will be considered "more likely than not" that the grants will be repaid in the future, the Company would record a financial liability. To date, the Company has not recorded government grants as a financial liability.

n. 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, basic loss per share are adjusted to take into account the potential dilution that could occur upon the conversion of the dilutive series of convertible debentures and preferred stock, and warrants, by subtracting from net loss 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. The Company’s dilutive potential shares consist 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

o. New standards, amendments to standards or interpretations

The following new standards, amendments to standards or interpretations have been issued, but are not effective, and have not been early adopted:

1. IFRS 9, "Financial Instruments"

   The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, and for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of adoption on its financial statements.

2. IFRS 16, "Leases"

   In January 2016, the IASB issued IFRS 16, Leases, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17, Leases. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and instead introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leased assets separately from interest on lease liabilities in the income statement. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective from January 1, 2019 with early adoption allowed only if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company is currently evaluating the impact of adoption on its 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:

Share-based payment

With respect to grants to employees, service providers and directors, the value of the labor services received in return is measured on the date of grant, based on the fair value of the equity instruments granted to the employees and directors. In order to measure the fair value of the labor service received, the Company uses the Black-Scholes model to value the equity instrument. See also note 10b.

Fair value of financial liabilities at fair value through profit or loss

To determine the fair value of the 2016 Convertible Loan, 2012 Convertible Loan, preferred shares, warrants to purchase preferred shares and shares and liability to issue preferred shares and warrants, 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. The estimated fair value of these financial liabilities might have been different had Company's management used different estimates and assumptions. See also note 7 and 8.

The main parameter which affects the value of the financial liabilities that are measured periodically at fair value is the Company's equity value. The following table presents a sensitivity analysis of the effect of increases and decreases in the Company's equity value on the carrying amount, as of December 31, 2016, of the financial liabilities measured periodically at fair value:

	December 31, 2016				
	Decrease of 10%	**Decrease of 5%**	**Actual Value**	**Increase of 5%**	**Increase of 10%**
	U.S. dollars in thousands				
Value of equity	63,900	67,450	71,000	74,550	78,100
Convertible loans	13,127	13,422	13,715	14,009	14,298
Preferred shares	9,945	10,492	11,031	11,584	12,137
Warrants to purchase preferred shares and shares	4,331	4,568	4,800	5,035	5,266
Liability to issue preferred shares and warrants	227	250	273	296	319

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 arises from cash and cash equivalents and deposits with banks. A portion of the liquid instruments of the Company is invested in short-term deposits in leading Israeli 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 revenues. It is therefore exposed to liquidity risk, taking into consideration the forecasts of cash flows required to finance its investments 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 revenues.

NOTE 4 - FINANCIAL INSTRUMENTS (continued)**:**

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.

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, 2016 and 2015, the fair value of certain financial instruments (cash and cash equivalents, restricted cash, other receivables and accounts payable) approximates their carrying value.

NOTE 4 - FINANCIAL INSTRUMENTS (continued)**:**

d. Classification of financial instruments by groups:

	Loans and receivables
	U.S. dollars in thousands
As of December 31, 2016:	
Cash and cash equivalents	4,163
Restricted deposits	1,075
Receivables (excluding prepaid expenses)	157
	5,395
As of December 31, 2015:	
Cash and cash equivalents	1,205
Receivables (excluding prepaid expenses)	160
	1,365

	Financial liabilities at fair value through profit or loss (Level 3)	Financial liabilities at amortized cost	Total
	U.S. dollars in thousands		
As of December 31, 2016:			
Trade and other payable	-	657	657
Convertible loans	13,715	1,005	14,720
Preferred shares	11,031	-	11,031
Warrants to purchase preferred shares and shares	4,800	-	4,800
Liability to issue preferred shares and warrants	273	-	273
	29,819	1,662	31,481
As of December 31, 2015:			
Trade and other payable	-	804	804
Convertible loan	6,160	1,893	8,053
Preferred shares	13,062	-	13,062
Warrants to purchase preferred shares and shares	4,332	-	4,332
Liability to issue preferred shares and warrants	2,154	-	2,154
	25,708	2,697	28,405

NOTE 5 - CASH AND CASH EQUIVALENTS

	December 31,	
	2016	**2015**
	U.S. dollars in thousands	
Cash in bank	4,159	1,201
Short-term bank deposits	4	4
	4,163	1,205

NOTE 6 - 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 since 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). The IPR&D is not yet ready to use and as such is not subject to amortization.

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 was 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, 2016 the Company prepared a valuation of the cash generating unit based on discounted cash flows (DCF). For both years, based on such assessments, the Company concluded that the recoverable amount of the cash generating unit to which the IPR&D intangible asset belongs is significantly higher than its book value, and there is no need for impairment. The DCF model is based on the assumption that the Company will raise the necessary funds to serve the projected activities. Main assumptions used in the valuations are as follows:

	December 31,	
	2016	**2015**
Weighted average cost of capital (WACC)	22%	19%
Commencement of sales	2021-2025	2018-2020
Probability of reaching sales	20.1%-37.9%	30%

NOTE 7 - CONVERTIBLE LOANS:

a.

1. 2012 Convertible Loan

In 2012, the Company entered into loan agreements with certain lenders for an aggregate amount of $1.15 million. Each of the loans bears interest at a rate of 0.6% per year, which is to be repaid every five years, and is due and payable after a term of twenty years. Each of the investors has the right during the term to convert its respective loan amount into ordinary shares at a conversion price of $240.26 per ordinary share (subject to adjustment), and for a period of the initial five years of the term of the loan agreement to exchange all such ordinary shares received into ordinary shares of D.N.A at the rate of one of the Company's ordinary shares for 5,590 ordinary shares of D.N.A or 2,795 ordinary shares after the stock merge performed by D.N.A in October 2015 (also subject to adjustment) (the "D.N.A option"). In addition, under the terms of the loan agreements the outstanding loan amounts will be automatically converted into the Company's ordinary shares upon the closing of an initial public offering and certain merger and acquisition transactions. The Company has designated the 2012 Convertible Loan on initial recognition as a financial liability at fair value through profit or loss.

2. 2015 Convertible Loan

On August 5, 2015, the Company entered into a Convertible Promissory Note and Loan Agreement ("2015 Convertible Loan") with certain lenders. Pursuant to the loan agreement, the lenders loaned the Company an aggregate amount of $2.005 million. The loan would have been automatically converted upon occurrence of the following events as described in the agreement: initial public offering (IPO), private placement in an aggregate amount of no less than $10 million or change of control (Triggering Event). The loan would have converted into the same class of shares issued in such a transaction at a 25% discount to the applicable price per share in the Triggering Event. The loan was due to mature in February 2017 and bore interest at a rate of 5% per year.

In addition the Company issued to the lenders warrants to purchase an additional shares equal to 40% of the shares issued upon conversion of the loan (for the earlier of 2 years

from the warrant date or 1 year from consummation of an IPO).

The Company allocated the total consideration of $2,005 thousand between the warrants and the loan as following: $240 thousand was allocated to the warrants based on their fair value and the remaining consideration was allocated to the loan agreement. The Company measures the loan according to the amortized cost using the effective interest method. The Company treated the warrants as a liability at fair value through profit or loss. As part of the 2016 Convertible Loan agreement as detailed below (See Note 7(a)(3)), the Company provided the right to the lenders of the 2015 Convertible Loan to exchange the 2015 Convertible Loan to the 2016 Convertible Loan including the maturity date. As a result, from total amount of $2,005 thousand, an amount of $1,057 thousand (consisting of $ 1,025 thousand principal amount plus interest accrued up to June 14, 2016 less withholding tax) exchanged to the new convertible loan.

Since the terms of the loans are substantially different, the exchange was considered as an extinguishment, which in essence means recording a loss due to 2015 Convertible Loan that were exchanged for the new convertible loan recorded at fair value. The loss of extinguishment of $64 thousand was recognized.
According to the 2016 Convertible Loan agreement, the Company deposited at the trustee an amount of $1,053 thousand to be held until the earlier of the conversion of the 2015 Convertible Loan into shares or the 2015 Convertible Loan maturity date, February 5, 2017. The deposit is presented as a separate line item as restricted cash on the balance sheet. On the maturity date, February 5, 2017, the Company repaid the amount of $1,053 thousand using the cash deposited at the trustee.

NOTE 7 - CONVERTIBLE LOANS (continued):

3. 2016 Convertible Loan

In June 2016, the Company closed a private placement (the "2016 Convertible Loan") with certain lenders in an aggregate amount of approximately $7.44 million in exchange for the following instruments:

a) Loan for a term of 18 months. The loan bears interest at a rate of 5% per year. The loan will be automatically converted upon occurrence of the following events as described in the agreement: initial public offering (IPO) of at least $20 million, private placement in an aggregate amount of no less than $10 million or change of control (the "Triggering Event"). Furthermore, in case of private placement in an aggregate amount of $4-$10 million the lenders shall have the right to convert the loan to shares. The loan will convert into the same class of shares issued in such a transaction at the lower of a 25% discount to the applicable price per share in the Triggering Event or value of equity on a fully diluted basis of $65 million.

The Company has designated the 2016 Convertible Loan on initial recognition as a financial liability at fair value through profit or loss.

b) Warrants to purchase additional shares equal to 40% of the shares issued upon conversion in exchange for an exercise price of the fair value of the shares in a Triggering Event. The warrant will be exercisable for 4 years from the grant date.

Total transaction expenses amounted to $363 thousand, out of which $150 thousand were payable in Company shares. The proceeds were allocated to the convertible loan and the warrants according to their fair value.

As part of the agreement, the Company gave the right to the lenders of the 2015 Convertible Loan to exchange the 2015 Convertible Loan to the 2016 Convertible Loan including the maturity date. As a result from total amount of $2,005 thousand, an amount of $1,057 thousand (consisting of $1,025 thousand principal amount plus interest accrued up to June 14, 2016 less withholding taxes) exchanged to the 2016 Convertible Loan.

The Company prepared a valuation of the financial liabilities presented above (a Level 3 valuation). The debt component of the convertible loans was valued based on the discounting of future payments of the debt. The convertible components (conversion option to the Company's ordinary shares) were valued based on a combination of the Probability-Weighted Expected Return Method and Back Solve option pricing method model. The following parameters were used:

	December 31,	
	2016	**2015**
WACC	22%	19%
Value of equity*	$71 million	$76 million
Volatility	77%	77%
Commencement of sales	2021-2025	2018-2020
Probability for success in phase 2	-	44%
Probability of entering Phase 2b/3 for Hypo	70%	-
Probability for IPO	50%	50%

* The value of equity as of December 31, 2016 and 2015 was based on the valuations performed as detailed in note 6.

NOTE 7 - CONVERTIBLE LOANS (continued):

b.

	Convertible loans
	U.S. dollars in thousands
Balance as of January 1, 2015	6,158
Additions during 2015	1,765
Financial expenses	128
Changes in fair value	2
Balance as of December 31, 2015	8,053
Additions during 2016	6,110
Financial expenses	105
Changes in fair value	452
Balance as of December 31, 2016	14,720

	Warrants to purchase preferred shares and shares
	U.S. dollars in thousands
Balance as of January 1, 2015	-
Additions during 2015	240
Changes in fair value	(25)
Balance as of December 31, 2015	215
Additions during 2016	1,319
Changes in fair value	103
Balance as of December 31, 2016	1,637

NOTE 8 - PREFERRED SHARES AND WARRANTS TO PREFERED SHARES:

a. On January 29, 2014, the Company and Centillion entered into a Series A Preferred Share Purchase Agreement (the "Centillion preferred share purchase agreement"). According to the Centillion preferred share purchase agreement, Centillion purchased 4,172 of the Company's preferred shares, for an aggregate purchase price of $2,000 thousand at a purchase price of $479.38 per share (the "per share purchase price"). The Company also issued to Centillion a warrant to purchase up to 1,043 of its applicable shares upon exercise of the warrant ("applicable shares") at the per share purchase price. According to the Centillion Preferred share purchase agreement, upon the Company's filing of a registration statement for an initial public offering with the SEC no later than June 29, 2014, or the "first milestone", Centillion was required to purchase from the Company an additional 4,172 preferred shares at the per share purchase price (for additional proceeds of $2,000 thousand) and the Company was required to issue to Centillion a warrant to purchase an additional 1,043 applicable shares at the per share purchase price. Finally, pursuant to the terms of the Centillion preferred share purchase agreement, upon the consummation of an initial public offering of the Company's ordinary shares on or prior to December 29, 2014, pursuant to which the ordinary shares are listed on the Nasdaq or AMEX, or a "Qualified IPO" and such event the "second milestone", Centillion was required to purchase from the Company an additional 2,086 preferred shares at the per share purchase price (for additional proceeds of $1,000 thousand) and the Company was required to issue to Centillion a warrant to purchase an additional 522 preferred shares at the per share purchase price. Centillion also had the right to acquire the preferred shares and warrant to be issued upon either of the milestones prior to the applicable milestone date.

On June 18, 2014, the Company and Centillion entered into the first amendment to the Centillion preferred share purchase agreement, pursuant to which the date for the first milestone was extended from June 29, 2014 to November 1, 2014, and the date for the second milestone was extended from December 29, 2014 to May 1, 2015.

On January 21, 2015, the Company and Centillion entered into the second amendment to the Centillion preferred share purchase agreement, or the "second amendment". Pursuant to the second amendment, Centillion exercised its right to acquire the preferred shares and warrant to be issued upon the first milestone although as of such date the Company had not filed a registration statement for its initial public offering, and paid the Company $2,000 thousand. In consideration therefor, the Company also issued to Centillion an additional warrant, or the "additional Centillion warrant". The additional Centillion warrant is exercisable upon (and for a period of one year following) the first to occur of a significant financing round, an M&A event (as defined in the warrant agreement) or the Company's initial public offering, to purchase up to $2,000 thousand of the type of shares issued in such a transaction at a 25% discount to the applicable price per share. In addition, pursuant to the second amendment the date for the second milestone was extended from May 1, 2015 to October 1, 2015. According to the second amendment as the second milestone was not achieved by October 1, 2015, Centillion has extended it until October 1, 2017.

NOTE 8 - PREFERRED SHARES AND WARRANTS TO PREFERED SHARES (continued)**:**

In the course of 2014, the Company consummated the closings of the Series A Preferred Share Purchase Agreements it had entered into with each of WFI E Bio LLC., or WFI, and White Car Group Ltd., or "White Car", and on January 11, 2015 the Company consummated the closing of the Series A Preferred Share Purchase Agreement it had entered into with HFN Trust Company 2013 Ltd., or "HFN Trust", and such agreements together the "additional preferred share purchase agreements". Pursuant to the terms of the additional share purchase agreements WFI, White Car and HFN Trust purchased from the Company 501, 417 and 21 preferred shares for an aggregate purchase price of $240 thousand, $200 thousand and $10 thousand, respectively, and the Company issued to each of WFI, White Car and HFN Trust a warrant to purchase up to 125, 104 and five of its applicable shares, respectively, each upon substantially the same terms as the Centillion preferred share purchase agreement and the form of warrants the Company issued to Centillion. The additional preferred share purchase agreements also provide for the issuance of preferred shares and warrants upon the achievement of those milestones set forth in the Centillion preferred share purchase agreement on terms substantially identical to those contained in the Centillion preferred share purchase agreement.

In March 2015, the Company entered into the first Amendment to each of the additional preferred share purchase agreements, which contained terms substantially identical to those contained in the second amendment to the Centillion preferred share purchase agreement, and the Company issued to each of WFI, White Car and HFN Trust an additional warrant, or together with the additional Centillion warrant the "additional warrants", to purchase up to $240 thousand, $200 thousand and $10 thousand, respectively, upon terms substantially identical to those contained in the additional warrant the Company issued to Centillion in connection with the second amendment to the Centillion preferred share purchase agreement including the extension of the second milestone to October 1, 2017.

b. The preferred shares confer on the holders thereof all rights accruing to holders of Ordinary Shares in the Company, on an as-converted basis, and in addition, the preferred shares have the rights, preferences and privileges granted to the preferred shares *inter alia* as follows:

i. Each holder of preferred shares has the right to convert such preferred shares into the Company's ordinary shares at the then-applicable conversion price. In addition, the preferred shares will be automatically converted into ordinary shares at the then-applicable conversion price upon the consummation of a Qualified IPO.
The conversion price of such preferred shares is $479.38 per preferred share, which is the per share purchase price or the original issuance price. This conversion price is subject to appropriate adjustments in the event of certain stock dividends or other distributions payable without payment of any consideration, a stock split, stock subdivision, stock combination or reverse stock split, or in the event that prior to a Qualified IPO the Company issues certain new securities at a price per share lower than the then-applicable conversion price of such preferred shares.

NOTE 8 - PREFERRED SHARES AND WARRANTS TO PREFERED SHARES (continued)**:**

ii. In any liquidation, bankruptcy, reorganization, dissolution or winding up of the Company as defined in Article 66(d) of the Company's Fourth Amended and Restated Articles of Association, whether voluntary or involuntary (each, a "Liquidation Event") or "Deemed Liquidation Event", the assets available for distribution will be applied, first to the holders of preferred shares. Each preferred share shall be entitled to receive an amount per share equal to the original preferred share price, plus all declared but unpaid dividends and annual 5% interest on the original preferred share price ("Preferred Shares Preference"). If such assets available for distribution shall be insufficient to permit the payment of the full Preferred Shares Preference, then the assets available for distribution shall be distributed pro rata among the holders of the Preferred Shares. Any remaining assets available for distribution to shareholders shall be distributed among the holders of Ordinary Shares and Preferred Shares on a pro rata basis and on an as-converted basis. In the event that the holders of Preferred Shares, upon distribution pro rata to all shareholders on as converted basis receive an aggregate amount per Preferred Share greater than three (3) times the original preferred share price then the holders of preferred shares shall not be entitled to the Preferred Shares Preference described above and all the assets available for distribution shall be distributed among the holders of ordinary shares and preferred shares on a pro rata basis on an as-converted basis.

c. For accounting of purposes, the preferred shares are classified as a financial liability considering, inter alia, the deemed liquidation events mechanism described above. In addition, the conversion ratio of Series A Preferred Shares into ordinary shares is subject to certain adjustments, which do not meet the 'fixed for fixed' requirement of IAS 32. Therefore, the conversion option represents an embedded derivative, which should be bifurcated and accounted for separately at fair value through profit or loss.
The Company elected to designate the entire instrument at fair value through profit or loss, as permitted by IAS 39.

The Warrants to purchase preferred shares issued concurrently with the Series A Preferred Shares also meet the definition of a financial liability since they are exercisable into a financial liability. These warrants are measured at fair value through profit or loss at each balance sheet date.

The liability for future issuances of preferred shares and warrants upon fulfillment of the first and second milestones as described in a) above, are contingent forward contracts, and are therefore accounted for at fair value through profit or loss at each balance sheet date.

d. The consideration received in 2015 and 2014 pursuant to the transactions described above, amounted to $2,460 thousand and $2,440 thousand, respectively, and were allocated to the components based on their relative fair values. The table below presents the movements in the three components during 2016 and 2015:

	Preferred shares	Warrants to purchase preferred shares and shares	Liability to issue preferred shares and warrants	Total
	U.S. dollars in thousands			
Balance as of January 1, 2015	6,550	1,380	8,473	16,403
Additions during 2015	1,903	557	-	2,460
Changes in fair value	4,609	2,180	(6,319)	470
Balance as of December 31, 2015	13,062	4,117	2,154	19,333

Changes in fair value	(2,031)	(954)	(1,881)	(4,866)
Balance as of December 31, 2016	11,031	3,163	273	14,467

e. The Company prepared valuations of the fair value of the three components described above (Level 3 valuations) using a combination of the Probability-Weighted Expected Return Method and Back Solve option pricing method model. The following parameters were used:

	December 31,	
	2016	**2015**
WACC	22%	19%
Value of equity*	$71 million	$76 million
Volatility	77%	77%
Commencement of sales	2021-2025	2018-2020
Probability for success in phase 2	-	44%
Probability of entering Phase 2b/3 for Hypo	70%	
Probability for IPO	50%	50%

* The value of equity was based on the valuation performed as detailed in note 6.

NOTE 9 - COMMITMENTS:

a. On June 29, 2014, the Company entered into a lease agreement for the building it uses in consideration of approximately $58 thousand per year. The lease agreement expired on June 30, 2016 and the Company utilized its option to extend it for an additional one year period until June 30, 2017.

b. In 2014, the Company entered into operating lease agreements for two vehicles and in 2015 for an additional vehicle. The leases will expire during the years 2017 and 2018. The projected annual lease payments are approximately $26 thousand per year.

c. The Company is committed to pay royalties to Oramed –see also note 6.

d. 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 an 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, 2016, the total royalty amount that would be payable by the Company, before the additional Libor interest, is approximately $460 thousand.

NOTE 10 - SHARE CAPITAL:

a. Composed of ordinary shares of NIS 0.01 par value, as follows:

	Number of shares	
	December 31	
	2016	2015
Authorized	1,000,000	1,000,000
Issued	34,544	34,396

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, 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.

b. Share based compensation:

1) Share based compensation plan

On March 17, 2013, the Company's board of directors approved a Share Incentive Plan (the “Plan”). Under the Plan, the Company shall reserve sufficient number of Ordinary Shares, NIS 0.01 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 to acquire one ordinary share.

Any option granted under the Plan that is not exercised within six 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. 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.

NOTE 10 - SHARE CAPITAL (continued)**:**

2) Options grants:

a) As part of the Joint Venture Agreement, the Company granted to its CEO 3,296 options, that reflected upon exercise 9.9% of the Company's equity at the date of grant, with an exercise price of NIS 0.01 (par value). The options vested over a period of three years from the grant date. The fair value of the options at the date of grant was $132 thousand.

b) In January 2014, the Company granted to two service providers (which were accounted for as "employees and others providing similar services" under IFRS 2) 500 options with an exercise price of $273.88. 100 options were granted immediately and will vest over 4 years from the date of grant; 1/4 vest on the first anniversary of the date of grant and the remaining vest in twelve equal quarterly installments following the first anniversary of the applicable grant date. The grant of the remaining 400 options is subject to the fulfillment of certain milestones with respect to certain trials conducted by the subcontractors as part of the Company's development plans. The fair value of the options at the date of grant was $70 thousand. In March 2016, the Company terminated a service agreement with one of the service providers, but the Company did not forfeit the options granted. As such, the Company accelerated the vesting period.

c) In March 2015, the Company granted options to purchase 327 ordinary shares to certain of the Company's directors, out of which 85 options were with an exercise price of $240, and 242 options were with an exercise price of NIS 0.01 (par value). The options vest over 4 years from the date of appointment as directors; 1/4 vest on the first anniversary of the date of grant and the remaining 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 $398 thousand.

d) In December 2015, the Company granted options to purchase 1,133 ordinary shares to a certain director with an exercise price of $479.38. 1/3 of the options vested on April 23, 2016, 1/3 of the options shall vest on April 23, 2017 and the remaining shall vest on April 23, 2018. The fair value of the options at the date of grant was $1,067 thousand.

e) In March 2016, the Company granted options to purchase 1,133 ordinary shares to a certain director with an exercise price of $479.38. 1/3 of the options vested on April 29, 2016, 1/3 of the options shall vest on July 29, 2017 and the remaining shall vest on July 29, 2018. The fair value of the options at the date of grant was $827 thousand.

f) Through May and during November 2016, the Company granted options to purchase 24 ordinary shares to a certain consultant, with an exercise price of par value (0.01 NIS). The options vested immediately. The fair value of the options at the date of grant was $24 thousand.

g) In August 2016, the Company granted options to purchase 494 ordinary shares to certain employees with an exercise price of $479. The options vest over 4 years from the date of grant; 1/4 vest on the first anniversary of the date of grant and the remaining 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 $362 thousand.

NOTE 10 - SHARE CAPITAL (continued)**:**

3) The fair value of each option granted (except options with an exercise price of par value, as described below) is estimated at the date of grant using the Black-Scholes option-pricing model, with the following weighted average assumptions:

	2016	2015
Ordinary share price	$ 1,018	$ 1,269
Exercise price	$ 479	$ 463
Dividend yield	-	-
Expected volatility	76%	74%
Risk-free interest rate	1.05%	1.28%
Expected life – in years	4.11	3.8

The fair value of each option with an exercise price of NIS 0.01 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 was based on the valuation performed (as detailed in note 6). 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.

4) Changes in the number of options and weighted average exercise prices are as follows:

	Year ended December 31,			
	2016		2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of year	7,092	$ 119.7	5,632	$ 50.69
Granted	1,651	$ 472.3	1,460	$ 386
Outstanding at end of year	8,743	$ 186.3	7,092	$ 119.7
Exercisable at end of year	6,426	$ 93.73	5,097	$ 20.71

5) The following is information about the exercise price and remaining contractual life of outstanding options at year-end:

December 31, 2016			December 31, 2015		
Number of options outstanding at end of year	Exercise price range	Weighted average of remaining contractual life	Number of options outstanding at end of year	Exercise price range	Weighted average of remaining contractual life
4,867	*	3.29	4,843	*	4.3
254	$ 240.26	2.7	254	$ 240.26	3.7
277	$ 316	3.42	277	$ 316	4.42
500	$ 273.88	1.54	500	$ 273.88	4.08
85	$ 240	4.21	85	$ 240	5.21
2,266	$ 479.38	5.11	1,133	$ 479.38	5.98
494	$ 479	5.65			

* Par value

6) The remaining unrecognized compensation expense as of December 31, 2016 is $914 thousand. This amount will be expensed in full by August 2020.

NOTE 11 - TAXES ON INCOME:

The Company is taxed according to Israeli tax laws:

a. 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.

b. Tax rates

The income of the Company is subject to the Israel corporate tax rates which was 25% for 2016 and 26.5% for 2015.

In January 2016, the Law for the Amendment of the Income Tax Ordinance (No.216) was published, which enacted a reduction of the corporate tax rate beginning in 2016 and thereafter, from 26.5% to 25%. There is no impact on the financial statements of the Company as a result of the changes in the Israeli corporate tax rate as the Israeli subsidiary is in a loss position for tax purposes.
In December 2016, the Economic Efficiency Law (Legislative Amendments for Implementing the Economic Policy for the 2017 and 2018 Budget Year), 2016 was published, introducing a gradual reduction in corporate tax rate from 25% to 23%. However, the law also included a temporary provision setting the corporate tax rate in 2017 at 24%. As a result, the corporate tax rate will be 24% in 2017 and 23% in 2018 and thereafter.

Capital gains are subject to capital gain tax according to the corporate tax rate for the year during which the assets are sold.

c. Losses for tax purposes carried forward to future years

The balance of carryforward losses as of December 31, 2016 and 2015 are approximately $9.9 million and $6.3 million, respectively.

Under Israeli tax law, tax loss carry forwards 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 on its carry forward losses and other temporary assets since their utilization is not expected in the foreseeable future.

d. Tax assessments

In accordance with the Income Tax Ordinance, as of December 31, 2016, all of the Company's tax assessments through tax year 2012 are considered final.

NOTE 12 - SUPPLEMENTARY FINANCIAL INFORMATION:

	December 31,	
	2016	2015
	U.S. dollars in thousands	
a. Other current assets:		
Prepaid expenses	38	535
Other	157	160
	195	695

NOTE 12 - SUPPLEMENTARY FINANCIAL INFORMATION (continued)**:**

	Year ended December 31,	
	2016	**2015**
	U.S. dollars in thousands	
Employees and employees related	139	103
Provision for vacation	155	107
Accrued expenses and other	310	243
	604	453

NOTE 13 – 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
All outstanding options, 2012 Convertible Loan, preferred shares and warrants to preferred shares have been excluded from the calculation of the diluted loss per share for the year ended December 31, 2015 since their effect was anti-dilutive. The total number of ordinary shares related to the 2012 Convertible Loan, preferred shares and warrants to issue preferred shares excluded from the calculation of diluted loss per share was 23,213 for the year ended December 31, 2015.
All outstanding options have been excluded from the calculation of the diluted loss per share for the year ended December 31, 2016 since their effect was anti-dilutive. The total number of ordinary shares related to the outstanding options excluded from the calculation of diluted loss per share was 8,136 for the year ended December 31, 2016.

The 2015 Convertible Loan, the 2016 Convertible Loan, warrants and liability to issue preferred shares and are not taken into account in the diluted loss per share calculation for the years ended December 31, 2016 and 2015, as the conversion terms depend on future events.

	Year ended December 31,	
	2016	**2015**
	U.S. dollars (except for share numbers)	
Loss attributable to equity holders of the Company	1,199,000	4,282,000
Income from change in fair value of financial liabilities at fair value	4,125,000	-
Loss used for the computation of diluted loss per share	5,324,000	4,282,000
Weighted average number of Ordinary Shares used in the computation of basic loss per share	34,409	34,396
Add:		
Weighted average number of additional shares issuable upon the assumed conversion of 2012 convertible loan, preferred shares and the assumed exercise of warrants to issue preferred shares	17,563	-
Weighted average number of Ordinary Shares used in the computation of diluted loss per share	51,972	34,396
Basic loss per Ordinary Share	35	124

Diluted loss per Ordinary Share	102	124

NOTE 14 - 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, Chief Operating Officer and Chief Financial Officer.

2) During 2016 and 2015, the Company granted stock options to certain key management personnel and directors, see note 10b.

	Year ended December 31,	
	2016	2015
	U.S. dollars in thousands	
3) Key management compensation:		
Labor cost and related expenses	830	552
Share-based compensation	1,351	363
Others	98	28
	2,279	943

b. Balances with related parties:

	Year ended December 31,	
	2016	2015
	U.S. dollars in thousands	
Key management:		
Payables and accrued expenses	57	29
Severance pay obligations	51	29
Provision for vacation	138	98
Directors fee	28	23

NOTE 15 - SUBSEQUENT EVENTS

a. In February 2017, the Company repaid the amount of 1.053 million of the 2015 convertible loan (See Note 7(a)(2)).

b. In March, 2017, the Company entered into a new lease agreement for the building it uses in consideration of approximately $61 thousand per year. The lease agreement expired on June 30, 2023 with a onetime option for the Company to early terminate the agreement on June 30, 2020 subject to a notice period of 6 months.

c. On March 27, 2017, the board of directors approved the nomination of Mr. Luke Beshar as Executive chairman of the board and Dr. Roger Graceau as Chief Development Advisor. The nominations and the compensation were subject to shareholder approval that was received on April 6, 2017.

According to the agreements with Mr. Luke Beshar, and Dr. Graceau , Mr. Beshar and Dr. Graceau will receive a monthly fees in the amount of $21,500 and $6,500, respectively. In addition upon the occurrence of a private placement or IPO, which are defined as a Triggering Event as described in Note 7(a)(3) (“the Qualified Event”), Mr. Beshar and Dr. Graceau will be granted options to purchase ordinary shares of the Company representing 6.5% and 1.5%, respectively, of the Company’s share capital on a “fully diluted basis” as determined immediately following the Qualified Event, provided however, that if the amount of new funds actually received by the Company in a Qualified Event exceeds $10 million, then it shall be deemed for the purpose of calculating the "fully diluted basis" under this Agreement as if such amount is equal to $10 million. The exercise price of the Options shall be equal to the per share fair market value of ordinary shares immediately following the Qualified Event. The Options will vest in 36 equal monthly installments over a period of 36 months, commencing as of the Commencement Date, and are subject to acceleration under certain circumstances as described in the service agreement. If a Change of Control that constitutes a “change in control event” described in Treas. Reg. § 1.409A-3(i)(5) occurs before a Qualified Event, then in lieu of the issuance of Options as described above, the Company will pay to each of Mr. Beshar and Dr. Graceau an amount that, taking into account all federal, state, local and foreign taxes (including excise taxes) arising from the payment of such amount, will yield net after-tax proceeds to each of Mr. Beshar and Dr. Graceau of $1,000,000; or (ii) $3,619,254.

d. On April 6, 2017, the Company granted options to purchase 1,133 ordinary shares to a certain director, with an exercise price of $980. 1/3 of the options are vested on the grant date, 1/3 of the options shall vest on September 21, 2017 and the remaining shall vest on September 21, 2018. The fair value of the options at the date of grant is $574 thousand.

ENTERA BIO LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

	September 30, 2017	December 31, 2016
	(Unaudited)	(Audited)
	U.S. dollars in thousands	
A s s e t s		
CURRENT ASSETS:		
Cash and cash equivalents	2,899	4,163
Restricted deposits	22	1,075
Other current assets	430	195
TOTAL CURRENT ASSETS	3,351	5,433
NON-CURRENT ASSETS:		
Property and equipment, net	215	199
Intangible assets	654	654
TOTAL NON-CURRENT ASSETS	869	853
TOTAL ASSETS	4,220	6,286
Liabilities net of capital deficiency		
CURRENT LIABILITIES:		
Accounts payable:		
Trade	154	53
Other	849	604
Receipts on account of sale of Preferred B shares	1,575	
Convertible loans	11,695	9,885
TOTAL CURRENT LIABILITIES	14,273	10,542
NON-CURRENT LIABILITIES:		
Convertible loans	3,919	4,835
Preferred shares A	8,841	11,031
Warrants to purchase preferred shares A and shares	4,723	4,800
Liability to issue preferred shares A and warrants	1,044	273
Severance pay obligations, net	56	51
TOTAL NON-CURRENT LIABILITIES	18,583	20,990
TOTAL LIABILITIES	32,856	31,532
CAPITAL DEFICIENCY:		
Ordinary shares	*	*
Accumulated other comprehensive income	41	41
Other reserves	6,876	2,844
Additional paid in capital	2,485	2,485
Accumulated deficit	(38,038)	(30,616)
TOTAL CAPITAL DEFICIENCY	(28,636)	(25,246)
TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY	4,220	6,286

* Represents an amount less than one thousand.

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

ENTERA BIO LTD.

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (INCOME)

(UNAUDITED)

	Nine months ended September 30		Three months ended September 30	
	2017	2016	2017	2016
	U.S. dollars in thousands		U.S. dollars in thousands	
RESEARCH AND DEVELOPMENT EXPENSES	1,686	1,851	406	927
GENERAL AND ADMINISTRATIVE EXPENSES	5,267	2,296	2,373	507
OPERATING LOSS	6,953	4,147	2,779	1,434
FINANCIAL EXPENSES (INCOME):				
Loss (income) from change in fair value of financial liabilities at fair value	403	(3,917)	882	248
Other financial expenses (income), net	66	112	(5)	56
FINANCIAL LOSS (INCOME), net	469	(3,805)	877	304
NET LOSS and NET COMPREHENSIVE LOSS FOR THE PERIOD	7,422	342	3,656	1,738
	U.S. dollars		U.S. dollars	
LOSS PER ORDINARY SHARE -				
Basic	214.86	9.94	105.84	50.53
Diluted	219.69	90.67	111.02	50.53
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING -				
Basic	34,544	34,396	34,544	34,396
Diluted	37,098	51,958	41,884	34,396

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

ENTERA BIO LTD.
CONDENSED INTERIM STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY
(UNAUDITED)

	Number of Ordinary Shares	Ordinary Shares-Amount	Accumulated other comprehensive income	Other reserve	Additional paid in capital	Accumulated deficit	Total
	U.S. dollars in thousands						
BALANCE AT JANUARY 1, 2016	34,396	*	41	1,354	2,335	(29,417)	(25,687)
CHANGES FOR NINE MONTHS ENDED SEPTEMBER 30, 2016:							
Net loss for the period	-	-	-	-	-	(342)	(342)
Share-based compensation	-	-	-	1,211	-	-	1,211
BALANCE AT SEPTEMBER 30, 2016	34,396	*	41	2,565	2,335	(29,759)	(24,818)
BALANCE AT JANUARY 1, 2017	34,544	0000*	41	2,844	2,485	(30,616)	(25,246)
CHANGES FOR NINE MONTHS ENDED SEPTEMBER 30, 2017:							
Net loss for the period	-	-	-		-	(7,422)	(7,422)
Share-based compensation	-	-	-	4,032	-	-	4,032
BALANCE AT SEPTEMBER 30, 2017	34,544	*	41	6,876	2,485	(38,038)	(28,636)

*Represents less than one thousand dollars.

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

ENTERA BIO LTD.
CONDENSED INTERIM CASH FLOW STATEMENTS
(UNAUDITED)

	Nine months ended September 30	
	2017	2016
	(Unaudited)	
	U.S. dollars in thousands	
CASH FLOWS USED IN OPERATING ACTIVITIES:		
Net loss for the period	(7,422)	(342)
Adjustments required to reflect net cash used in operating activities (see appendix A)	4,557	(1,882)
Net cash used in operating activities	(2,865)	(2,224)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Decrease (increase) in restricted deposits	1,053	(1,074)
Purchase of property and equipment	(47)	(28)
Net cash provided by (used in) investing activities	1,006	(1,102)
CASH FLOWS (USED IN) PROVIDED BY FINANCING ACTIVITIES:		
Receipts on account of sale of Preferred B shares	1,575	-
Payment for maturity of Convertible loans	(980)	7,216
Net cash (used in) provided by financing activities	595	7,216
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,264)	3,890
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,163	1,205
FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	-	*
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,899	5,095

*Represents less than one thousand dollars.

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

ENTERA BIO LTD.
CONDENSED INTERIM CASH FLOW STATEMENTS
(UNAUDITED)

	Nine months ended September 30	
	2017	**2016**
	(Unaudited)	
	U.S. dollars in thousands	
APPENDIX A:		
Adjustments required to reflect net cash used in operating activities:		
Depreciation	31	26
Loss (Gain) from change in fair value of financial liabilities at fair value	403	(3,917)
Issuance costs related to convertible loans and warrants	-	363
Financial expenses	49	87
Net changes in severance pay	5	23
Share-based compensation	4,032	1,211
	4,520	(2,207)
Changes in working capital:		
(Increase) decrease in other current assets	(235)	433
Increase (decrease) in accounts payable and accruals:		
Trade	101	(186)
Other	245	78
	111	325
Cash used for operating activities -		
Interest paid	(74)	
	4,557	(1,882)
APPENDIX B:		
Supplementary information on financing activities not involving cash flows:		
Issuance costs regarding convertible loan and warrants		150

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

NOTE 1 - GENERAL INFORMATION:

a. Entera Bio Ltd. (the "Company") was incorporated in September 2009, and commenced operations as a joint venture of D.N.A Biomedical and Oramed in June 2010.

The Company is a clinical-stage biopharmaceutical company, focused on the development and commercialization of orally delivered large molecule therapeutics in areas with significant unmet medical needs. Currently the Company is focused on the development of oral capsules for the treatment of hypoparathyroidism and osteoporosis.

b. Since the Company is engaged in research and development activities, it has not yet derived income from its activity and has incurred through September 30, 2017, accumulated losses in the amount of $38,038 thousand. The Company also has negative working capital and has cash outflows from operating activities. The Company's management is of the opinion that its available funds as of September 30, 2017 will not allow the Company to execute its development plans in the upcoming year. These factors raise substantial doubt as to the Company's ability to continue as a going concern. In October 2017, the Company raised $12.4 million in the Preferred B Financing (See also Note 9(a)).

Management is in the process of evaluating various financing alternatives in the public or private equity markets, as the Company will need to finance future research and development activities and general and administrative expenses through fund raising. However, there is no certainty about the Company's ability to obtain such funding.

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 operation. These financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern.

NOTE 2 - BASIS OF PREPARATION

The Company’s condensed interim financial statements as of September 30, 2017 and for the nine months then ended (the “interim financial statements”) have been prepared in accordance with International Accounting Standard No. 34, “Interim Financial Reporting” (“IAS 34”). These interim financial statements, which are unaudited, do not include all disclosures necessary for a complete presentation of financial position, comprehensive loss, changes in capital deficiency and cash flows in conformity with generally accepted accounting principles. The condensed interim financial statements should be read in conjunction with the Company’s annual financial statements as of December 31, 2016 and for the year then ended and their accompanying notes, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB. The results of operations for the nine months ended September 30, 2017 are not necessarily indicative of the results that may be expected for the entire fiscal year or for any other interim period.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and calculation methods applied in the preparation of the interim financial statements are consistent with those applied in the preparation of the annual financial statements as of December 31, 2016 and for the year then ended.

NOTE 4 - FINANCIAL RISK MANAGEMENTAND FINANCIAL INSTRUMENTS:

a. Financial risk factors

The Company's activities expose it to a variety of financial risks.

The condensed interim financial statements do not include all financial risk information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as of December 31, 2016.

There have been no changes in the risk management policies since the year end.

b. Classification of financial instruments by groups:

	Financial liabilities at fair value through profit or loss (Level 3)	Financial liabilities at amortized cost	Total
	U.S. dollars in thousands		
As of September 30, 2017:			
Trade and other payable	-	1,003	1,003
Receipts on account of sale of Preferred B shares	-	1,575	1,575
Convertible loans	15,614	-	15,614
Preferred shares A	8,841	-	8,841
Warrants to purchase preferred shares A and shares	4,723	-	4,723
Liability to issue preferred shares A and warrants	1,044	-	1,044
	30,222	2,578	32,800
As of December 31, 2016:			
Trade and other payable	-	657	657
Convertible loans	13,715	1,005	14,720
Preferred shares A	11,031	-	11,031
Warrants to purchase preferred shares A and shares	4,800	-	4,800
Liability to issue preferred shares A and warrants	273	-	273
	29,819	1,662	31,481

All of the Company’s financial assets are measured at amortized costs. The fair value of the financial assets and financial liabilities that are measured at amortized costs is close or identical to their book value.

NOTE 4 - FINANCIAL RISK MANAGEMENTAND FINANCIAL INSTRUMENTS (continued):

The Company prepared a valuation of the financial liabilities presented above (a Level 3 valuation). The debt component of the convertible loans was valued based on the discounting of future payments of the debt. The convertible components (conversion option to the Company's ordinary shares) were valued based on a combination of the Probability-Weighted Expected Return Method and Back Solve option pricing method model.

As of September 30, 2017, the valuation of the Company's financial liabilities was based on the market approach and used a price per share of $908.78 per preferred B shares from the Company's preferred share issuance in October 2017 (see Note 9(a)) as a basis for fair market value. The following parameters were used:

	September 30 2017
Preferred B price per share	$ 908.78
Volatility	65%
Probability of entering Phase 2b/3 for Hypo	70%
Probability for IPO /shares registration	85%

For the purpose of calculating fair value of the Company's equity and financial liabilities as of December 31, 2016 the Company prepared a valuation of the cash generating unit based on discounted cash flows (DCF). The following parameters were used:

	December 31 2016
WACC	22%
Value of equity	$71 million
Volatility	77%
Commencement of sales	2021-2025
Probability of entering Phase 2b/3 for Hypo	70%
Probability for IPO /shares registration	50%

The table below presents the movements in the financial liabilities during the nine months ended September 30, 2017 and 2016.

	Convertible loans	Preferred shares A	Warrants to purchase preferred shares A and shares	Liability to issue preferred shares A and warrants	Total
	U.S. dollars in thousands				
Balance as of December 31, 2016	14,720	11,031	4,800	273	30,824
Maturity during period	(1,054)				(1,054)
Financial expenses	49				49
Changes in fair value	1,899	(2,190)	(77)	771	403
Balance as of September 30, 2017	15,614	8,841	4,723	1,044	30,222

NOTE 4 - FINANCIAL RISK MANAGEMENTAND FINANCIAL INSTRUMENTS (continued):

	Convertible loans	Preferred shares A	Warrants to purchase preferred shares A and shares	Liability to issue preferred shares A and warrants	Total
	U.S. dollars in thousands				
Balance as of December 31, 2015	8,053	13,062	4,332	2,154	27,601
Additions during period	6,110		1,319		7,429
Financial expenses	87				87
Changes in fair value	(78)	(2,522)	(796)	(521)	(3,917)
Balance as of September 30, 2016	14,172	10,540	4,855	1,633	31,200

NOTE 5 - SHARE BASED COMPENSATION:

a. In March 2017, the Company granted options to purchase 12 ordinary shares to a certain consultant, with an exercise price of par value (0.01 NIS). The options shall vest immediately. The fair value of the options at the date of grant was $12 thousand.

b. On April 6, 2017, the Company granted options to purchase 1,133 ordinary shares to a certain director, with an exercise price of $980. 1/3 of the options are vested on the grant date, 1/3 of the options shall vest on September 21, 2017 and the remaining shall vest on September 21, 2018. The fair value of the options at the date of grant is $574 thousand.

c. On March 27, 2017, the board of directors approved the nomination of Mr. Luke Beshar as Executive chairman of the board and Dr. Roger Garceau as Chief Development Advisor. The nominations and the compensation were subject to shareholder approval that was received on April 6, 2017. According to the agreements with Mr. Luke Beshar, and Dr. Garceau, Mr. Beshar and Dr. Garceau will receive a monthly fees in the amount of $21,500 and $6,500, respectively. In addition upon the occurrence of a private placement or IPO, which are defined as a Triggering Event (“the Qualified Event”), Mr. Beshar and Dr. Garceau will be granted options to purchase ordinary shares of the Company representing 6.5% and 1.5%, respectively, of the Company’s share capital on a “fully diluted basis” as determined immediately following the Qualified Event, provided however, that if the amount of new funds actually received by the Company in a Qualified Event exceeds $10 million, then it shall be deemed for the purpose of calculating the "fully diluted basis" under this Agreement as if such amount is equal to $10 million (the “Contingent options“). The exercise price of the Options shall be equal to the per share fair market value of ordinary shares immediately following the Qualified Event. The Options will vest in 36 equal monthly installments over a period of 36 months, commencing as of the Commencement Date, and are subject to acceleration under certain circumstances as described in the service agreement. Following the completion of the Preferred B Financing the Company determined the amount of options to purchase ordinary shares of the Company to be granted to Mr. Beshar and Dr. Garceau of 6,970 and 1,608, respectively. See also Note 9(b)

The Company treated the awards as performance-based awards. Given that the performance condition was probable as of September 30, 2017, the Company recognized expenses with respect to this grant.

NOTE 6 - CONVERTIBLE LOANS

In February 2017, the Company repaid the amount of 1,054 thousand (including interest) with respect to the maturity of the 2015 convertible loan. With respect to the automatic conversion of

the 2016 convertible loan see note 9(a).

NOTE 7 - PREFERRED SHARES AND WARRANTS TO PREFERRED SHARES

On July 20, 2017, the Centillion Series A preferred share purchase agreement was amended such that (i) the second milestone was extended to July 20, 2019, (ii) the second milestone was deemed to include any transaction pursuant to which our shares will be listed for trading on NASDAQ, and (iii) the investment following the occurrence of the second milestone is optional to the holders of Series A preferred shares.

NOTE 8 - BASIC AND DILUTED LOSS PER SHARE:

Basic

Basic loss (earnings) 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 period.

Diluted

All outstanding options, 2012 Convertible Loan and preferred shares A have been excluded from the calculation of the diluted loss per share for the nine months ended September 30, 2017 since their effect was anti-dilutive. The total number of ordinary shares related to the outstanding options, the 2012 Convertible Loan and preferred shares A excluded from the calculation of diluted loss per share was 24,495 for the nine months ended September 30, 2017.

All outstanding options and preferred shares A have been excluded from the calculation of the diluted loss per share for the three months ended September 30, 2017 since their effect was anti-dilutive. The total number of ordinary shares related to the outstanding options and preferred shares A excluded from the calculation of diluted loss per share was 20,110 for the three months ended September 30, 2017.

All outstanding options have been excluded from the calculation of the diluted loss per share for the nine months ended September 30, 2016 since their effect was anti-dilutive. The total number of ordinary shares related to the outstanding options excluded from the calculation of diluted loss per share was 7,930 for the nine months ended September 30, 2016.

All outstanding options, 2012 Convertible Loan, preferred shares A and warrants to preferred shares A have been excluded from the calculation of the diluted loss per share for the three months ended September 30, 2016 since their effect was anti-dilutive. The total number of ordinary shares related to the outstanding options, 2012 Convertible Loan, preferred shares A and warrants to preferred shares A excluded from the calculation of diluted loss per share was 26,002 for the nine months ended September 30, 2016.

The 2015 Convertible Loan, the 2016 Convertible Loan, warrants, liability to issue preferred shares A and contingent options are not taken into account in the diluted loss per share calculation for the nine months and the three months ended September 30, 2017 and September 30, 2016 as the conversion terms depend on future events.

NOTE 8 - BASIC AND DILUTED LOSS PER SHARE (continued):

	Nine months ended September 30		Three months ended September 30	
	2017	2016	2017	2016
	U.S. dollars (except for share numbers)		U.S. dollars (except for share numbers)	
Loss attributable to equity holders of the Company	7,422,000	342,000	3,656,000	1,738,000
Income from change in fair value of financial liabilities at fair value	728,000	4,369,000	994,000	-
Loss used for the computation of diluted loss per share	8,150,000	4,711,000	4,650,000	1,738,000
Weighted average number of Ordinary Shares used in the computation of basic loss per share	34,544	34,396	34,544	34,396
Add:				
Weighted average number of additional shares issuable upon the assumed conversion of: 2012 convertible loan	-	4,786	4,786	-
Preferred shares A	-	10,222	-	-
Warrants to issue preferred shares A	2,554	2,554	2,554	-
	2,554	17,562	7,340	-
Weighted average number of Ordinary Shares used in the computation of diluted loss per share	37,098	51,958	41,884	34,396
Basic loss per Ordinary Share	214.86	9.94	105.84	50.53
Diluted loss per Ordinary Share	219.69	90.67	111.02	50.53

NOTE 9 - SUBSEQUENT EVENTS:

a. In October 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"), at a price per share of $908.78, for an aggregate purchase price of $12.4 million (a total amount of $1.575 million on account of Series B preferred share was received by September 30, 2017). Pursuant to the terms of the Series B preferred share purchase agreement, the Company issued and sold to the Investors 13,621 Series B Preferred shares. Three other related parties participated in the Preferred B Financing and purchased 130 Series B preferred shares in an aggregate amount of $118,268.

In addition, the Company issued to a broker dealer that served as placement agent, a warrant to purchase up to 460 Series B preferred shares, at a price of $908.78 per share.

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. 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. As part of the automatic conversion of the 2016 Convertible Loans, four related parties were issued 1,834 Series B-1 preferred shares, and their 2016 warrants now relate to 733 shares.

In addition, additional warrants that the Company previously issued in connection with the second amendment to the Centillion preferred share purchase agreement and the first amendment to the additional preferred share purchase agreements with certain other preferred shareholders became warrants to purchase Series B-1 preferred shares at an exercise price of $681.585.

b. Following the completion of the Preferred B Financing the Company determined the amount of options to purchase ordinary shares of the Company to be granted to Mr. Beshar and Dr. Garceau of 6,970 and 1,608, respectively. The exercise price of the options is $820 determined based on an external valuation and approved by the board of directors of the company on November 10, 2017. See also note 5(c).

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 this filing. The matter is still in its early stages. If Emisphere were to initiate a legal proceeding, the Company would vigorously defend against such claim.

d. On November 15, 2017, the Company granted 2,750, 1,100, 700 and 100 options to purchase ordinary shares to its CEO, COO, CFO and a certain director, respectively, with an exercise price of $820 per ordinary share. The options to the CEO, COO and CFO shall vest over a 4-year period, in sixteen equal quarterly installments. The options granted to a certain director are fully exercisable at the date of grant. The options can be exercised for six years from the date of grant.

Oppenheimer & Co.

, 2017

Until , 2017 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

[Alternate Page for Selling Stockholder Resale Prospectus]

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)
Issued , 2017

ORDINARY SHARES

This prospectus relates to the offer for sale of 11,000 ordinary shares by the existing holders of the securities named in this prospectus, referred to as selling shareholders throughout this prospectus. We will not receive any of the proceeds from the sale of ordinary shares by the selling shareholders named in this prospectus.

The distribution of securities offered hereby may be effected in one or more transactions that may take place on the NASDAQ Capital Market, including ordinary brokers' transactions, privately negotiated transactions or through sales to one or more dealers for resale of such securities as principals, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. Usual and customary or specifically negotiated brokerage fees or commissions may be paid by the selling shareholders. No sales of the shares covered by this prospectus shall occur until the ordinary shares sold in our initial public offering begin trading on the NASDAQ Capital Market. Currently, there is no public market for our ordinary shares. We have applied to list our ordinary shares on the NASDAQ Capital Market under the symbol "ENTX".

The selling shareholders and intermediaries through whom such securities are sold may be deemed "underwriters" within the meaning of the Securities Act of 1933, as amended (the Securities Act), with respect to the securities offered hereby, and any profits realized or commissions received may be deemed underwriting compensation.

On , 2017, a registration statement under the Securities Act with respect to our initial public offering underwritten by , as the underwriter of ordinary shares at a $ per share initial public offering price) was declared effective by the Securities and Exchange Commission. We received approximately $ million in net proceeds from the offering (assuming no exercise of the underwriters' over-allotment option) after payment of underwriting discounts and commissions and estimated expenses of the offering.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act and will therefore be subject to reduced reporting requirements.

Investing in our ordinary shares involves risks. See "Risk Factors" beginning on page 15.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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, 2017

[Alternate Page for Selling Stockholder Resale Prospectus]

SHARES REGISTERED FOR RESALE

Registration Rights

We, certain of our shareholders and certain lenders under our convertible financing agreements have entered into an investors rights agreement. Holders of 11,000 ordinary shares are entitled to various rights with respect to the registration of these shares 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 the primary offering of our ordinary shares 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 held by shareholders other than 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

After we become eligible to file a registration statement on Form F-3, which will not be until at least 12 months after the date of this prospectus, any shareholder or group of shareholders holding an aggregate of at least 10% of the registrable securities under the investors' rights agreement that are held by shareholders other than 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.

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 a primary offering of our ordinary shares.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of our ordinary shares by the selling shareholders named in this prospectus. All proceeds from the sale of the conversion shares will be paid directly to the selling shareholders.

[Alternate Page for Selling Stockholder Resale Prospectus]

SELLING SHAREHOLDERS

An aggregate of up to 11,000 ordinary shares are currently being offered under this prospectus by certain shareholders who were previously holders of our Convertible Loans.

The following table sets forth certain information with respect to each selling shareholder for whom we are registering ordinary shares for resale to the public. The selling shareholders have not had a material relationship with us within the past three years other than as described in the footnotes to the table below. To our knowledge, each person named in the table has sole voting and investment power with respect to the ordinary shares set forth opposite such person's name. None of the selling shareholders are broker-dealers or affiliates of broker-dealers, unless otherwise noted.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. The percentage of shares beneficially owned after the offering is based on ordinary shares to be outstanding after this offering, including ordinary shares sold in our initial public offering.

	Shares Beneficially Owned Prior to Offering(1)			Shares Beneficially Owned After Offering(1)	
Name of Beneficial Owner	Number	Percentage	Shares Being Offered	Number	Percentage
Capital Point Ltd.(2)	5,534	7.7%	5,534	0	
D.N.A Biomedical Solutions Ltd(3)	31,324	43.7%	4,544	26,780	
Menachem Raphael(4)	4,057	5.6%	922	3,135	

* No selling shareholder is a broker dealer or an affiliate of a broker-dealer.

(1) Estimate based on an assumed initial public offering price of $ per share

(2) Consists of 5,534 Series B preferred shares transferred by D.N.A Biomedical to Capital Point, whose address is at Derech Menachem Begin 132 (Azrieli Center) Tel Aviv, Israel.

(3) Consists of (i) 31,178 ordinary shares and (ii) 146 Series B preferred shares. D.N.A Biomedical, whose address is at Shimon Hatarsi 43 St., Tel Aviv, Israel, is controlled by Zeev Bronfeld.

(4) Consists of (i) 834 Series A preferred shares, (ii) warrants to purchase 208 Series A preferred shares that had been issued to White Car Group, Ltd., who later transferred its shares to Menachem Raphael, as of October 31, 2017, (iii) 208 Series A preferred shares and a warrant to purchase 53 Series A preferred shares, which shares can be acquired by Menachem Raphael until July 20, 2019 pursuant to the terms of our Series A preferred shares purchase agreement, (iv) 1,099 Series B-1 preferred shares (v) warrants to purchase 440 Series B preferred shares (vi) warrants to purchase 293 Series B-1 preferred shares, and (vii) 922 Series B preferred shares issued to D.N.A Biomedical, who later transferred them to Menachem Raphael, whose address is at Ha’seora 12,Tel Aviv Israel.

Each of the selling shareholders that is an affiliate of a broker-dealer has represented to us that it purchased the shares offered by this prospectus in the ordinary course of business and, at the time of purchase of those shares, did not have any agreements, understandings or other plans, directly or indirectly, with any person to distribute those shares.

[Alternate Page for Selling Stockholder Resale Prospectus]

PLAN OF DISTRIBUTION

Each selling shareholder of the securities and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their securities covered hereby on the or any other stock exchange, market or trading facility on which the securities are traded or in private transactions. These sales may be at fixed or negotiated prices. A selling shareholder may use any one or more of the following methods when selling securities:

- ordinary brokerage transactions and transactions in which the broker dealer solicits purchasers;
- block trades in which the broker dealer will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- in transactions through broker dealers that agree with the selling shareholders to sell a specified number of such securities at a stipulated price per security;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The selling shareholders may also sell securities under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker dealers engaged by the selling shareholders may arrange for other broker dealers to participate in sales. Broker dealers may receive commissions or discounts from the selling shareholders (or, if any broker dealer acts as agent for the purchaser of securities, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with FINRA Rule 2440; and in the case of a principal transaction a markup or markdown in compliance with FINRA IM-2440.

In connection with the sale of the securities or interests therein, the selling shareholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the securities in the course of hedging the positions they assume. The selling shareholders may also sell securities short and deliver these securities to close out their short positions, or loan or pledge the securities to broker-dealers that in turn may sell these securities. The selling shareholders may also enter into option or other transactions with broker-dealers or other financial institutions or create one or more derivative securities which require the delivery to such broker-dealer or other financial institution of securities offered by this prospectus, which securities such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The selling shareholders and any broker-dealers or agents that are involved in selling the securities may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the securities purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each selling shareholder has informed us that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the securities. In no event shall any broker-dealer receive fees, commissions and markups which, in the aggregate, would exceed eight percent (8%).

We have been authorized to list our ordinary shares on the under the symbol “ ”.

We are required to pay certain fees and expenses incurred by us incident to the registration of the securities. We have agreed to indemnify the selling shareholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

To the extent required, the number of our securities to be sold, the names of the selling security holders, the respective purchase prices and public offering prices, the names of any agent, dealer or underwriter and any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or a post-effective amendment to the registration statement that includes this prospectus.

Because selling shareholders may be deemed to be “underwriters” within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act, including Rule 172 thereunder. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. The selling shareholders have advised us that there is no underwriter or coordinating broker acting in connection with the proposed sale of the resale securities by the selling shareholders.

We have agreed to keep this Registration Statement effective until the date on which all of the securities have been sold pursuant to this prospectus or Rule 144 under the Securities Act, or any other rule of similar effect. The resale securities will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale securities covered hereby may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale securities may not simultaneously engage in market making activities with respect to the ordinary shares for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the selling shareholders will be subject to applicable provisions of the Exchange Act, and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of securities of the ordinary shares by the selling shareholders or any other person. We will make copies of this prospectus available to the selling shareholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).

LEGAL MATTERS

The validity of the ordinary shares being offered by this prospectus and other legal matters concerning this offering relating to Israeli law will be passed upon for us by Herzog Fox & Neeman, Tel Aviv, Israel. Certain legal matters in connection with this offering relating to U.S. law will be passed upon for us by Davis Polk & Wardwell LLP, New York, New York.

EXPERTS

The financial statements as of December 31, 2016 and 2015 and for each of the two years in the period ended December 31, 2016 included in this Prospectus have been so included in reliance on the report (which contains an explanatory paragraph relating to the Company's ability to continue as a going concern as described in Note 1 to the financial statements) of Kesselman & Kesselman, Certified Public Accountants (Israel), a member firm of PricewaterhouseCoopers International Limited, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting. The current address of Kesselman & Kesselman, Certified Public Accountants (Israel) is 25 Hamered Street, Tel Aviv, Israel 6812508.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the U.S. Securities and Exchange Commission a registration statement on Form F-1 under the Securities Act with respect to the shares of ordinary offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information about us and the ordinary shares offered hereby, we refer you to the registration statement and the exhibits and schedules filed thereto. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. Upon the closing of this offering, we will be required to file periodic reports, proxy statements, and other information with the U.S. Securities and Exchange Commission pursuant to the Exchange Act. You may read and copy this information at the Public Reference Room of the U.S. Securities and Exchange Commission, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the public reference rooms by calling the U.S. Securities and Exchange Commission at 1 800 SEC 0330. The U.S. Securities and Exchange Commission also maintains an Internet website that contains reports, proxy statements and other information about registrants, like us, that file electronically with the U.S. Securities and Exchange Commission. The address of that site is www.sec.gov.

[Alternate Page for Selling Stockholder Resale Prospectus]

, 2017

Until , 2017 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Directors and Officers

General. Our amended Articles set forth the following provisions regarding the grant of insurance coverage, indemnification and an exemption from liability to any of our directors or officers, all subject to the provisions of applicable law. In accordance with such provisions and pursuant to the requisite corporate approvals, we have obtained liability insurance covering our directors and officers, have granted indemnification undertakings to our directors and officers and have agreed to exempt our directors and officers from liability in each case, to the fullest extent permitted by our amended Articles and applicable law, including with respect to liabilities resulting from this offering to the extent that these liabilities are not covered by insurance.

Insurance. We are entitled to insure the liability of any director or officer to the fullest extent permitted by law. Without derogating from the aforesaid, we may enter into a contract to insure the liability of a director or officer for an obligation imposed on him or her in consequence of an act done in his or her capacity as such, in any of the following cases:

- a breach of the duty of care toward us or a third party, to the extent such a breach arises out of the negligent conduct of the office holder;
- a breach of the duty of loyalty toward us, provided that the director or officer acted in good faith and had reasonable basis to believe that the act would not harm us;
- a monetary obligation imposed on him or her in favor of a third party;
- a payment imposed on him or her in favor of an injured party as set forth in Section 52(54)(a)(1)(a) of the Israeli Securities Law; or
- reasonable litigation expenses, including attorney fees, incurred by him or her in connection with a proceeding under Chapters H'3, H'4 or I'l 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.

Indemnification. We are entitled to indemnify a director or officer to the fullest extent permitted by law, either retroactively or pursuant to an undertaking given in advance. Without derogating from the aforesaid, we may indemnify our directors or officers for liability or expense imposed on him or her in consequence of an action taken by him in his capacity as such, as follows:

- a financial obligation or liability imposed on or incurred in favor of another person and/or legal entity, including by any government office, or expended as a result of a court judgment, including in a settlement or an arbitrator's decision approved by a court of law, in respect of any act or omission taken or made by him or her in his or her capacity as a director or an officer of the Company of any of its subsidiaries;
- reasonable legal expenses, including attorney's fees, expended by him or her as a result of an investigation or proceeding instituted against him or her by a competent authority, provided that such investigation or proceeding concluded without the filing of an indictment against him or her and without any financial liability imposed on him or her in lieu of criminal proceedings, or that is concluded with the imposition of a financial liability in lieu of criminal proceedings but relates to a criminal offense that does not require proof of criminal intent or in connection with a financial sanction imposed on him or her in his or her capacity as a director or an officer of the Company or of any of its subsidiaries;
- reasonable legal expenses, including attorney's fees, and all other costs, expenses and obligations incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend in or participate, in any action, suit, proceeding, alternative dispute resolution mechanism, hearing, inquiry or investigation brought against him or her by the Company or on its behalf or by another person or in any criminal prosecution in which he or she was acquitted, or in a criminal prosecution of a crime which does not require proof of criminal intent, in which he or she was convicted, all in respect of actions taken by him or her in his or her capacity as a director or an officer of the Company or of any of its subsidiaries;
- a payment he or she was obligated to make to an injured party as set forth in Section 52(54)(a)(1)(a) of the Israeli Securities Law;

- 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

- any other circumstances arising under the law in respect of which the Company may indemnify a director or an officer of the Company (including, without limitation, Section 50P(b)(2) of the Israeli Restrictive Trade Practices Law, 5758-1988).

Exemption. We are entitled to exempt a director or officer in advance from any or all of his or her liability for damage caused by a breach of his or her duty of care toward us, to the fullest extent permitted by law.

Limitations. The Companies Law provides that a company may not provide its directors or officers with insurance or indemnification or exempt its directors or officers from liability with respect to the following:

- a breach of the duty of loyalty to the Company or any of its subsidiaries, except to the extent permitted by the Companies Law, with respect to insurance coverage or indemnification for a breach of the duty of loyalty to the Company or any of its subsidiaries while acting in good faith and having reasonable cause to assume that such act would not prejudice the interest of the Company or any of its subsidiaries, as applicable;

- a willful or reckless breach of the duty of care, other than a breach committed solely by negligence;

- an action taken or not taken with the intent of unlawfully realizing personal gain; or

- a fine or penalty imposed upon the director or the officer for an offense.

Item 7. Recent Sales of Unregistered Securities.

During the past three years, we issued securities that were not registered under the Securities Act of 1933, as amended, or the Securities Act, as set forth below. We believe that each of such issuances was exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act, Rule 701 and/or Regulation S under the Securities Act.

The following is a summary of transactions during the preceding three fiscal years involving sales of our securities that were not registered under the Securities Act:

- Pursuant to Convertible Financing Agreements entered into between us, the lenders thereto, or the lenders, and D.N.A Biomedical, between November 2012 and January 2013, the lenders loaned to us an aggregate amount of $1.15 million. Each of the investors has the right during the term to convert its respective loan amount (subject to adjustment) into our ordinary shares at a conversion price of $240.26 per ordinary share, and the outstanding loan amounts will be automatically converted into our ordinary shares immediately prior to the closing of this offering. The total number of our ordinary shares that can be acquired upon conversion of the current outstanding loan amounts is 4,786 ordinary shares;

- Pursuant to the share purchase agreements entered into between us and the other parties identified therein in September and October 2013, we issued an aggregate of 2,318 of our ordinary shares for an aggregate purchase price of $635,000;

- Pursuant to the Series A Preferred Share Purchase Agreement with Centillion on January 29, 2014, Centillion purchased 4,172 of our Series A preferred shares (which can be converted into 4,172 of our ordinary shares at the current conversion rate of one ordinary share for one Series A preferred share and will be automatically converted into our ordinary shares at the then-current conversion rate upon the closing of this offering), for a purchase price of $2.0 million, and we issued to Centillion a warrant to purchase up to 1,043 of our (i) Series A preferred shares prior to the consummation of this offering and (ii) ordinary shares upon the closing of this offering and otherwise after the conversion of all of our Series A preferred shares into our ordinary shares (the shares described in (i) and (ii), the "applicable shares").

- Pursuant to the Series A Preferred Share Purchase Agreements we entered into during the course of 2014 and January 2015 with the other parties identified therein, such parties purchased from us an aggregate of 939 of our Series A preferred shares (which can be converted into 939 of our ordinary shares at the current conversion rate of one ordinary share for one Series A preferred share and will be automatically converted into our ordinary shares at the then-current conversion rate upon the closing of this offering), for an aggregate purchase price of $450,000, and we issued to such parties warrant to purchase up to 234 of the applicable shares.

- Pursuant to the second Amendment to the Series A Preferred Share Purchase Agreement with Centillion that we entered into on January 21, 2015, Centillion purchased 4,172 of our Series A preferred shares (which can be converted into 4,172 of our ordinary shares at the current conversion rate of one ordinary share for one Series A preferred share and will be automatically converted into our ordinary shares at the then-current conversion rate upon the closing of this offering), for a purchase price of $2.0 million, and we issued to Centillion a warrant to purchase up to 1,043 of our applicable shares. In addition, we issued to Centillion an additional warrant that is exercisable upon (and for a period of two years following) the first to occur of a significant financing round, an M&A event (as defined in the warrant), or our initial public offering, or a triggering event, to purchase up to $2.0 million of the type of shares issued in such triggering event at a 25% discount to the applicable price per share. The Series B preferred shares purchase agreement has set the price in which, and the amounts for which, the holders of the additional warrants are entitled to exercise their additional warrants.

- Pursuant to the first Amendment to the Series A Preferred Share Purchase Agreements with other purchasers of our Series A Preferred Shares that we entered into in March 2015, such other purchasers purchased 939 of our Series A preferred shares (which can be converted into 939 of our ordinary shares at the current conversion rate of one ordinary share for one Series A preferred share and will be automatically converted into our ordinary shares at the then-current conversion rate upon the closing of this offering), for an aggregate purchase price of $450,000, and we issued to such other purchasers of our Series A Preferred Shares warrants to purchase up to 234 of our applicable shares. In addition, we issued to such other purchasers of our Series A Preferred Shares additional warrants that are exercisable (and for a period of two years thereafter) upon the first to occur of a significant financing round, an M&A event (as defined in the warrant), or our initial public offering, or a triggering event to purchase up to $450,000 of the type of shares issued in such triggering event at a 25% discount to the applicable price per share. The Series B preferred shares purchase agreement has set the price in which, and the amounts for which, the holders of the additional warrants are entitled to exercise their additional warrants.

- On August 5, 2015, the Company entered into the 2015 Convertible Loan with certain lenders. Pursuant to the loan agreement for the 2015 Convertible Loan, the lenders loaned us an aggregate amount of $2.005 million. The 2015 Convertible Loan bore interest at a rate of 5% per year. The loan would also be automatically converted upon occurrence of the a 2015 Triggering Event into the equity securities and/ or securities convertible into equity securities of the Company that were issued in such a transaction, at a 25% discount. In addition, the Company issued to each lender under the 2015 Convertible Loan the 2015 Warrants to purchase an additional 40% of the amount of our securities that would have been issued to such lender as a result of the automatic conversion following a 2015 Triggering Event at an exercise price of 125% of the applicable price per share. The 2015 Warrants were exercisable for the earlier of two years from the warrant issuance date or one year from consummation of an initial public offering. As part of the 2016 Convertible Loan, we granted the lenders a right to roll-over the 2015 Convertible Loan into the 2016 Convertible Loan. The lenders elected to roll-over an amount of $1.057 million into the 2016 Convertible Loan and the reminder, in an amount of $1.053 million (including interest and principal), was repaid by the Company in February 2017. There remain no amounts outstanding under the 2015 Convertible Loans, and no 2015 Warrants remain outstanding.

- On June 14, 2016, the Company entered into the 2016 Convertible Loan with certain lenders for an aggregate amount of approximately $7.44 million. In addition, an amount of $1.057 million of the 2015 Convertible Loan rolled over to the 2016 Convertible Loan. The 2016 Convertible Loan was given for a term of 18 months and bore interest at a rate of 5% per year. The 2016 Convertible Loan also granted each lender the right to invest in the next share issuance by the Company, an amount not to exceed the amount such lender invested in the 2016 Convertible Loan, at a price per share of the shares issued. The 2016 Convertible Loan was to be automatically converted upon the occurrence of a 2016 Triggering Event. Following the completion of the Series B Private Placement, which constituted a 2016 Triggering Event, the loan amount, together with all accrued interest was converted into Series B-1 preferred shares, under the terms and conditions of the 2016 Convertible Loan. In addition, the Series B preferred shares purchase agreement has set the price in which, and the amounts for which, the holders of the 2016 Warrants are entitled to exercise their 2016 Warrants.

- Pursuant to the Series B Preferred Share Purchase Agreement the company entered into in October 2017 with the other parties identified therein, such parties purchased from us an aggregate of 13,621 Series B preferred shares (which can be converted into 13,621 of our ordinary shares at the current conversion rate of one ordinary share for one Series B preferred share and will be automatically converted into our ordinary shares at the then-current conversion rate upon the closing of this offering) for an aggregate purchase price of $12.4 million, and we issued to GP Nurmenkari Inc. representatives warrants to purchase up to 460 of the applicable shares.

- Pursuant to the applicable Service Agreements entered into in April 2017, our directors Luke Beshar and Roger Garceau received options to acquire 6,970 and 1,608 ordinary shares, respectively, of which 2,517 and 581 ordinary shares, respectively, were exercisable within 60 days of November 15, 2017, with an exercise price of $820 per share and expiring on December 1, 2026.

- In November 2017, certain directors and officers received options to acquire 4,650 ordinary shares, of which 100 ordinary shares were exercisable within 60 days of November 15, 2017 at an exercise price of $820 per share and expiring on November 15, 2023, including 2,850 options that as of November 15, 2017 have been granted but remain subject to approval by our shareholders.

No underwriter or underwriting discount or commission was involved in any of the transactions set forth in Item 7.

Item 8. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this registration statement:

Exhibit No.	Description
1.1	Form of Underwriting Agreement.
3.1**	Fifth Amended and Restated Articles of Association of the Registrant (currently in effect).
3.2	Form of Sixth Amended and Restated Articles of Association of the Registrant (to be effective upon the closing of this offering).
4.1**	Specimen Form of Ordinary Share Certificate.
4.2**	Form of Warrant issued by the Registrant to Centillion Fund on each of January 29, 2014 and January 21, 2015.
4.3**	Form of additional Warrant issued by the Registrant to Centillion Fund on January 21, 2015.
4.4**	Form of Warrant issued by the Registrant to the lenders on June 24, 2016.
4.5**	Form of Warrant issued by the Registrant to GP Nurmenkari Inc.
5.1	Form of Opinion of Herzog Fox & Neeman, Israeli counsel to the Registrant, as to the validity of the ordinary shares.
8.1	Form of Opinion of Davis Polk & Wardwell LLP as to U.S. tax matters.
10.1	Patent Transfer Agreement, dated as of February 22, 2011, between the Registrant and Oramed Ltd.
10.2**	Convertible Financing Agreement, dated as of November 8, 2012, among the Registrant, D.N.A Biomedical Solutions, Ltd. and the lenders thereto.
10.3**	Convertible Financing Agreement, dated as of December 31, 2012, among the Registrant, D.N.A Biomedical Solutions, Ltd. and the lenders thereto.
10.4**	The Entera Bio Ltd. Share Incentive Plan.
10.5**	Series A Preferred Share Purchase Agreement, dated as of January 29, 2014, between the Registrant and Centillion Fund.
10.6**	First Amendment to Series A Preferred Share Purchase Agreement, dated as of June 18, 2014, between the Registrant and Centillion Fund.
10.7**	Second Amendment to Series A Preferred Share Purchase Agreement, dated as of January 21, 2015, between the Registrant and Centillion Fund.

Exhibit No.	Description
10.8	Third Amendment to Series A Preferred Share Purchase Agreement, dated as of November 2015, between the Registrant and Centillion Fund.
10.9**	Fourth Amendment to Series A Preferred Share Purchase Agreement, dated as of July 20, 2017, between the Registrant and Centillion Fund.
10.10**	Series B Preferred Share Purchase Agreement, dated as of October 4, 2017 and October 25, 2017, between the Registrant and the other parties thereto.
10.11**	Amended and Restated Investors' Rights Agreement, dated as of October 4, 2017, between the Registrant and the other parties thereto.
10.12	Form of indemnification agreement between the Registrant and its directors and executive officers.
10.13	Form of Convertible Financing Agreement, dated as of June 14, 2016, among the Registrant and the lenders thereto.
10.14**	Service Agreement, dated April 6, 2017, between Roger Garceau and the Company.
10.15**	Service Agreement, dated April 6, 2017, between Luke Beshar and the Company.
10.16	2017 Equity Incentive Plan and forms of agreements thereunder (to be in effective upon the closing of this offering).
23.1	Consent of Kesselman & Kesselman, Certified Public Accountants, a member firm of PricewaterhouseCoopers International Limited, an independent registered public accounting firm.
23.2	Consent of Herzog Fox & Neeman (included in Exhibits 5.1).
23.3	Consent of Davis Polk & Wardwell LLP (included in Exhibit 8.1)
24.1	Powers of Attorney (included on signature page).

*To be filed by amendment.

**Previously filed.

(b) Financial Statement Schedules.

All schedules have been omitted because they are not required, are not applicable or the information is otherwise set forth in the Financial Statements and related notes thereto.

Item 9. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions referenced in Item 6 hereof, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) (§ 230.424(b) of this chapter) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) If the registrant is a foreign private issuer, to file a post-effective amendment to the registration statement to include any financial statements required by "Item 8.A. of Form 20-F (17 CFR 249.220f)" at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Act need not be furnished, provided that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, with respect to registration statements on Form F-3 (§ 239.33 of this chapter), a post-effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Act or § 210.3-19 of this chapter if such financial statements and information are contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Form F-3.

(5) To provide to the underwriter specified in the Underwriting Agreement, at the closing, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

(6) That for the purpose of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(7) That for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

Exhibit No.	Description
1.1	Form of Underwriting Agreement.
3.1**	Fifth Amended and Restated Articles of Association of the Registrant (currently in effect).
3.2	Form of Sixth Amended and Restated Articles of Association of the Registrant (to be effective upon the closing of this offering).
4.1**	Specimen Form of Ordinary Share Certificate.
4.2**	Form of Warrant issued by the Registrant to Centillion Fund on each of January 29, 2014 and January 21, 2015.
4.3**	Form of additional Warrant issued by the Registrant to Centillion Fund on January 21, 2015.
4.4**	Form of Warrant issued by the Registrant to the lenders on June 24, 2016.
4.5**	Form of Warrant issued by the Registrant to GP Nurmenkari Inc.
5.1	Form of Opinion of Herzog Fox & Neeman, Israeli counsel to the Registrant, as to the validity of the ordinary shares.
8.1	Form of Opinion of Davis Polk & Wardwell LLP as to U.S. tax matters.
10.1	Patent Transfer Agreement, dated as of February 22, 2011, between the Registrant and Oramed Ltd.
10.2**	Convertible Financing Agreement, dated as of November 8, 2012, among the Registrant, D.N.A Biomedical Solutions, Ltd. and the lenders thereto.
10.3**	Convertible Financing Agreement, dated as of December 31, 2012, among the Registrant, D.N.A Biomedical Solutions, Ltd. and the lenders thereto.
10.4**	The Entera Bio Ltd. Share Incentive Plan.
10.5**	Series A Preferred Share Purchase Agreement, dated as of January 29, 2014, between the Registrant and Centillion Fund.
10.6**	First Amendment to Series A Preferred Share Purchase Agreement, dated as of June 18, 2014, between the Registrant and Centillion Fund.
10.7**	Second Amendment to Series A Preferred Share Purchase Agreement, dated as of January 21, 2015, between the Registrant and Centillion Fund.
10.8	Third Amendment to Series A Preferred Share Purchase Agreement, dated as of November 2015, between the Registrant and Centillion Fund.
10.9**	Fourth Amendment to Series A Preferred Share Purchase Agreement, dated as of July 20, 2017, between the Registrant and Centillion Fund.
10.10**	Series B Preferred Share Purchase Agreement, dated as of October 4, 2017 and October 25, 2017, between the Registrant and the other parties thereto.
10.11**	Amended and Restated Investors' Rights Agreement, dated as of October 4, 2017, between the Registrant and the other parties thereto.
10.12	Form of indemnification agreement between the Registrant and its directors and executive officers.
10.13	Form of Convertible Financing Agreement, dated as of June 14, 2016, among the Registrant and the lenders thereto.

Exhibit No.	Description
10.14**	Service Agreement, dated April 6, 2017, between Roger Garceau and the Company.
10.15**	Service Agreement, dated April 6, 2017, between Luke Beshar and the Company.
10.16	2017 Equity Incentive Plan and forms of agreements thereunder (to be in effective upon the closing of this offering).
23.1	Consent of Kesselman & Kesselman, Certified Public Accountants, a member firm of PricewaterhouseCoopers International Limited, an independent registered public accounting firm.
23.2	Consent of Herzog Fox & Neeman (included in Exhibits 5.1).
23.3	Consent of Davis Polk & Wardwell LLP (included in Exhibit 8.1)
24.1	Powers of Attorney (included on signature page).

*To be filed by amendment.

**Previously filed.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Jerusalem, Israel, on November 20, 2017.

ENTERA BIO LTD.

By: /s/ Dr. Phillip Schwartz
Name: Dr. Phillip Schwartz
Title: Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Phillip Schwartz and Mira Rosenzweig, and each of them, as attorney-in-fact with full power of substitution, for him or her in any and all capacities, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act, and any rules, regulations and requirements of the SEC thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant (the "Shares"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form F-1 (the "Registration Statement") to be filed with the SEC with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement, and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Dr. Phillip Schwartz Dr. Phillip Schwartz	Chief Executive Officer (Principal Executive Officer) and Director	November 20, 2017
/s/ Mira Rosenzweig Mira Rosenzweig	Chief Financial Officer (Principal Financial and Accounting Officer)	November 20, 2017
* Luke M. Beshar	Chairman of the Board	November 20, 2017
* David Ben Ami	Director	November 20, 2017
* Chaim Davis	Director	November 20, 2017
* Roger Garceau	Director	November 20, 2017
* Gerald Lieberman	Director	November 20, 2017
* Yonatan Malca	Director	November 20, 2017
* Zeev Bronfeld	Director	November 20, 2017

By: /s/ Phillip Schwartz
Phillip Schwartz, *Attorney-in-Fact*

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the requirements of the Securities Act of 1933, as amended, the undersigned has signed this registration statement, solely in its capacity as the duly authorized representative of the Registrant in the United States on November 20, 2017.

By: /s/ Colleen A. DeVries
Name: Colleen A. DeVries
Title: SVP on behalf of Cogency Global

EXHIBIT 1.1

_____ Ordinary Shares

ENTERA BIO LTD.

Ordinary Shares

FORM OF UNDERWRITING AGREEMENT

_____, 2017

Oppenheimer & Co. Inc.
as Representative of the several
Underwriters named in Sched5ule I hereto
85 Broad Street
New York, New York 10004

Ladies and Gentlemen:

Entera Bio Ltd., an Israeli company (the "Company"), proposes, subject to the terms and conditions contained herein, to sell to you and the other underwriters (the "Underwriters") named on Schedule I to this Underwriting Agreement (the "Agreement"), for whom you are acting as Representative (the "Representative"), an aggregate of _____ ordinary shares (the "Firm Shares") of the Company, NIS 0.01 par value per share (the "Ordinary Shares"). The respective amounts of the Firm Shares to be purchased by each of the several Underwriters are set forth opposite their names on Schedule I hereto. In addition, the Company proposes to grant to the Underwriters an option to purchase up to an additional _____ Ordinary Shares (the "Company Option Shares") from the Company for the purpose of covering over-allotments in connection with the sale of the Firm Shares. The Firm Shares and the Option Shares are collectively called the "Shares."

The Company has prepared and filed in conformity with the requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the published rules and regulations thereunder (the "Rules") adopted by the Securities and Exchange Commission (the "Commission") a Registration Statement (as hereinafter defined) on Form F-1 (No. 333-_____), including a preliminary prospectus relating to the Shares, and such amendments thereof as may have been required to the date of this Agreement. Copies of such Registration Statement (including all amendments thereof) and of the related Preliminary Prospectus (as hereinafter defined) have heretofore been delivered by the Company to you. The term "Preliminary Prospectus" means any preliminary prospectus included at any time as a part of the Registration Statement or filed with the Commission by the Company pursuant to Rule 424(a) of the Rules. The term "Registration Statement" as used in this Agreement means the initial registration statement (including all exhibits and financial schedules), as amended at the time and on the date it becomes effective (the "Effective Date"), including the information (if any) contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) of the Rules and

deemed to be part thereof at the time of effectiveness pursuant to Rule 430A of the Rules. If the Company has filed an abbreviated registration statement to register additional Shares pursuant to Rule 462(b) under the Rules (the "462(b) Registration Statement"), then any reference herein to the Registration Statement shall also be deemed to include such 462(b) Registration Statement. The term "Prospectus" as used in this Agreement means the prospectus in the form included in the Registration Statement at the time of effectiveness or, if Rule 430A of the Rules is relied on, the term Prospectus shall also include the final prospectus filed with the Commission pursuant to and within the time limits described in Rule 424(b) of the Rules.

The Company understands that the Underwriters propose to make a public offering of the Shares, as set forth in and pursuant to the Statutory Prospectus (as hereinafter defined) and the Prospectus, as soon after the Effective Date and the date of this Agreement as the Representative deems advisable. The Company hereby confirms that the Underwriters and dealers have been authorized to distribute or cause to be distributed each Preliminary Prospectus, and each Issuer Free Writing Prospectus (as hereinafter defined) and are authorized to distribute the Prospectus (as from time to time amended or supplemented if the Company furnishes amendments or supplements thereto to the Underwriters).

1. Sale, Purchase, Delivery and Payment for the Shares. On the basis of the representations, warranties and agreements contained in, and subject to the terms and conditions of, this Agreement:

(a) The Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price of $_____ per share (the "Initial Price"), the number of Firm Shares set forth opposite the name of such Underwriter under the column "Number of Firm Shares to be Purchased from the Company" on Schedule I to this Agreement, subject to adjustment in accordance with Section 8 hereof.

(b) The Company hereby grants to the several Underwriters an option to purchase, severally and not jointly, all or any part of the Option Shares at the Initial Price. The number of Option Shares to be purchased by each Underwriter shall be the same percentage (adjusted by the Representative to eliminate fractions) of the total number of Option Shares to be purchased by the Underwriters as such Underwriter is purchasing of the Firm Shares. Such option may be exercised only to cover over-allotments in the sales of the Firm Shares by the Underwriters and may be exercised in whole or in part at any time on or before 12:00 noon, New York City time, on the business day before the Firm Shares Closing Date (as defined below), and from time to time thereafter within 30 days after the date of this Agreement, in each case upon written, facsimile or telegraphic notice, or verbal or telephonic notice confirmed by written, facsimile or telegraphic notice, by the Representative to the Company no later than 12:00 noon, New York City time, on the business day before the Firm Shares Closing Date or at least two business days before the Option Shares Closing Date (as defined below), as the case may be, setting forth the number of Option Shares to be purchased and the time and date (if other than the Firm Shares Closing Date) of such purchase.

(c) Payment of the purchase price for, and delivery of certificates for, the Firm Shares shall be made at the offices of Oppenheimer & Co. Inc., 85 Broad Street, New York, New York

10004, at 10:00 a.m., New York City time, on the third business day following the date of this Agreement or at such time on such other date, not later than ten (10) business days after the date of this Agreement, as shall be agreed upon by the Company and the Representative (such time and date of delivery and payment are called the "Firm Shares Closing Date"). In addition, in the event that any or all of the Option Shares are purchased by the Underwriters, payment of the purchase price, and delivery of the certificates, for such Option Shares shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representative and the Company, on each date of delivery as specified in the notice from the Representative to the Company (such time and date of delivery and payment are called the "Option Shares Closing Date"). The Firm Shares Closing Date and any Option Shares Closing Date are called, individually, a "Closing Date" and, together, the "Closing Dates."

(d) Payment shall be made to the Company by wire transfer of immediately available funds or by certified or official bank check or checks payable in New York Clearing House (same day) funds drawn to the order of the Company, against delivery of the respective certificates to the Representative for the respective accounts of the Underwriters of certificates for the Shares to be purchased by them.

(e) The Shares shall be registered in such names and shall be in such denominations as the Representative shall request at least two full business days before the Firm Shares Closing Date or, in the case of Option Shares, on the day of notice of exercise of the option as described in Section 1(b), and shall be delivered by or on behalf of the Company to the Representative through the facilities of the Depository Trust Company ("DTC") for the account of such Underwriter.

2. Representations and Warranties of the Company. The Company represents and warrants to each Underwriter as of the date hereof, as of the Firm Shares Closing Date and as of each Option Shares Closing Date (if any), as follows:

(a) On the Effective Date, the Registration Statement complied, and on the date of the Prospectus, the date any post-effective amendment to the Registration Statement becomes effective, the date any supplement or amendment to the Prospectus is filed with the Commission and each Closing Date, the Registration Statement and the Prospectus (and any amendment thereof or supplement thereto) will comply, in all material respects, with the requirements of the Securities Act and the Rules and the Securities and Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations of the Commission thereunder. The Registration Statement did not, as of the Effective Date, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and on the Effective Date and the other dates referred to above neither the Registration Statement nor the Prospectus, nor any amendment thereof or supplement thereto, will contain any untrue statement of a material fact or will omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. When any Preliminary Prospectus was first filed with the Commission (whether filed as part of the Registration Statement or any amendment thereto or pursuant to Rule 424(a) of the Rules) and when any amendment thereof or supplement thereto was first filed with the Commission, such Preliminary Prospectus as amended or supplemented complied in all material respects with the applicable provisions of the Securities Act and the Rules and did not contain

any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. If applicable, each Preliminary Prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T. Notwithstanding the foregoing, none of the representations and warranties in this paragraph 2(a) shall apply to statements in, or omissions from, the Registration Statement, any Preliminary Prospectus or the Prospectus made in reliance upon, and in conformity with, information herein or otherwise furnished in writing by the Representative on behalf of the several Underwriters specifically for use in the Registration Statement, any Preliminary Prospectus or the Prospectus, as the case may be. With respect to the preceding sentence, the Company acknowledges that the only information furnished in writing by the Representative on behalf of the several Underwriters for use in the Registration Statement, any Preliminary Prospectus or the Prospectus consists of the statements contained in the [ ] and [ ] paragraphs under the caption "Underwriting" in the Prospectus (collectively, the "Underwriter Information").

(b) As of the Applicable Time (as hereinafter defined), none of (i) the price to the public and the number of Ordinary Shares offered and sold, as indicated on the cover page of the Prospectus and the Statutory Prospectus (as hereinafter defined), all considered together (collectively, the "General Disclosure Package"), (ii) any individual Issuer Free Writing Prospectus when considered together with the General Disclosure Package, and (iii) any individual Written Testing-the Waters Communication (as defined herein), when considered together with the General Disclosure Package, included, includes or will include any untrue statement of a material fact or omitted, omits or will omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were or will be made, not misleading; provided, however, that this representation and warranty shall not apply to statements in or omissions in the General Disclosure Package made in reliance upon and in conformity with the Underwriter Information.

Each Issuer Free Writing Prospectus (as hereinafter defined), including any electronic road show (including without limitation any “bona fide electronic road show” as defined in Rule 433(h)(5) under the Securities Act) (each, a “Road Show”) (i) is identified in Schedule III hereto and (ii) complied when issued, and complies, in all material respects with the requirements of the Securities Act and the Rules and the Exchange Act and the rules and regulations of the Commission thereunder. The Company has made at least one version of the Road Show available without restriction by means of graphic communication to any person, including any potential investor in the Shares (and if there is more than one version of a Road Show for the Offering that is a written communication, the version available without restriction was made available no later than the other versions).

As used in this Section and elsewhere in this Agreement:

“Applicable Time” means [ ]:00 [a.m.]/[p.m.] (Eastern time) on the date of this Agreement.

"Statutory Prospectus" as of any time means the Preliminary Prospectus relating to the Shares that is included in the Registration Statement immediately prior to the Applicable Time.

"Issuer Free Writing Prospectus" means each "free writing prospectus" (as defined in Rule 405 of the Rules) prepared by or on behalf of the Company or used or referred to by the Company in connection with the offering of the Shares, including, without limitation, each Road Show.

(c) The Registration Statement is effective under the Securities Act and no stop order preventing or suspending the effectiveness of the Registration Statement or suspending or preventing the use of any Preliminary Prospectus, the Prospectus or any "free writing prospectus", as defined in Rule 405 under the Rules, has been issued by the Commission and no proceedings for that purpose have been instituted or are threatened under the Securities Act. Any required filing of any Preliminary Prospectus and/or the Prospectus and any supplement thereto pursuant to Rule 424(b) of the Rules has been or will be made in the manner and within the time period required by such Rule 424(b). Any material required to be filed by the Company pursuant to Rule 433(d) of the Rules has been or will be made in the manner and within the time period required by such Rules.

(d) Each Issuer Free Writing Prospectus, if any, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Shares or until any earlier date that the Company notified or notifies the Representative as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement, the Statutory Prospectus or the Prospectus.

If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement, the Statutory Prospectus or the Prospectus or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances prevailing at the subsequent time, not misleading, the Company has promptly notified or will promptly notify the Representative and has promptly amended or will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

(e) The financial statements of the Company (including all notes and schedules thereto) included in the Registration Statement, the Statutory Prospectus and Prospectus present fairly the financial position of the Company at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company for the periods specified; and such financial statements and related schedules and notes thereto, and the unaudited financial information filed with the Commission as part of the Registration Statement, have been prepared in conformity with International Financial Reporting Standards ("IFRS"), consistently applied throughout the periods involved. The summary and selected financial data included in the Statutory Prospectus and Prospectus present fairly the information shown therein as at the respective dates and for the

respective periods specified and have been presented on a basis consistent with the consolidated financial statements set forth in the Prospectus.

(f) Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited (the "Auditor"), whose reports are filed with the Commission as a part of the Registration Statement, are and, during the periods covered by their reports, were independent public accountants as required by the Securities Act and the Rules.

(g) The Company is duly organized, validly existing and in good standing under the laws of Israel and has all requisite power and authority to carry on its business as is currently being conducted as described in the Statutory Prospectus and the Prospectus, and to own, lease and operate its properties. The Company is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction in which the nature of the business conducted by it or location of the assets or properties owned, leased or licensed by it requires such qualification, except for such jurisdictions where the failure to so qualify individually or in the aggregate would not have a material adverse effect on the assets, properties, condition, financial or otherwise, or in the results of operations, business affairs or business prospects of the Company (a "Material Adverse Effect"); and to the Company's knowledge, no proceeding has been instituted revoking, limiting, or curtailing, or seeking to revoke, limit or curtail, such power and authority or qualification. The Company is not designated as a "breaching company" (within the meaning of the Israeli Companies Law, 5759-1999, the "Companies Law") by the Registrar of Companies of the State of Israel (the "Israeli Registrar"). The certificate of incorporation, charter, articles of incorporation, by-laws, articles of association and other organizational documents of the Company comply with the requirements of applicable law of its jurisdiction of incorporation and are in full force and effect. The Company has no subsidiaries and does not control, directly or indirectly, any entity, including any corporation, partnership, joint venture, association or other business organization.

(h) (i) At the time of filing the Registration Statement and (ii) at the date hereof**,** the Company was not and is not an "ineligible issuer," as defined in Rule 405 of the Rules.

(i) Except as would not, singly or in the aggregate, have a Material Adverse Effect, and except as disclosed in the Registration Statement, the Statutory Prospectus and the Prospectus (i) the Company owns or possesses legally enforceable rights to use all patents, patent rights, inventions, trademarks, trademark applications, trade names, service marks, copyrights, copyright applications, licenses, know-how and other similar intellectual property rights and proprietary knowledge (collectively, "Intangibles") necessary for the conduct of its business and (ii) the Company has not received any written notice of, or is otherwise aware of, any infringement of or conflict with asserted rights of others with respect to any Intangibles.

(j) The Company has good and marketable title in fee simple to all real property, and good and marketable title to all other property owned by it, in each case free and clear of all liens, encumbrances, claims, security interests and defects, except such as do not materially affect the value of such property and do not materially interfere with the use made or proposed to be made of such property by the Company. All real property held under lease by the Company is held by them under valid, existing and enforceable leases, free and clear of all liens,

encumbrances, claims, security interests and defects, except such as are not material and do not materially interfere with the use made or proposed to be made of such property by the Company.

(k) Subsequent to the respective dates as of which information is given in the Registration Statement, the Statutory Prospectus and the Prospectus, (i) there has not been any event which would have a Material Adverse Effect; (ii) the Company has not sustained any loss or interference with its assets, businesses or properties (whether owned or leased) from fire, explosion, earthquake, flood or other calamity, whether or not covered by insurance, or from any labor dispute or any court or legislative or other governmental action, order or decree which would have a Material Adverse Effect; and (iii) except as otherwise disclosed in the Registration Statement, the Statutory Prospectus and the Prospectus, since the date of the latest balance sheet included in the Registration Statement and the Prospectus, the Company has not (A) issued any securities or incurred any liability or obligation, direct or contingent, for borrowed money, except such liabilities or obligations incurred in the ordinary course of business, (B) entered into any transaction not in the ordinary course of business or (C) declared or paid any dividend or made any distribution on any shares of its stock or redeemed, purchased or otherwise acquired or agreed to redeem, purchase or otherwise acquire any shares of its capital stock.

(l) There is no document, contract or other agreement required to be described in the Registration Statement, the Statutory Prospectus or the Prospectus or to be filed as an exhibit to the Registration Statement which is not described or filed as required by the Securities Act or Rules. Each description of a contract, document or other agreement in the Registration Statement, the Statutory Prospectus or the Prospectus accurately reflects in all material respects the terms of the underlying contract, document or other agreement. Except as disclosed in the Registration Statement, the Statutory Prospectus and the Prospectus, each contract, document or other agreement described in the Registration Statement, the Statutory Prospectus or the Prospectus or listed in the exhibits to the Registration Statement as being in full force and effect is in full force and effect and is valid and enforceable by and against the Company or its subsidiary, as the case may be, in accordance with its terms. Neither the Company, nor to the Company's knowledge, any other party, is in default in the observance or performance of any term or obligation to be performed by it under any such agreement, and no event has occurred which with notice or lapse of time or both would constitute such a default, in any such case which default or event, individually or in the aggregate, would have a Material Adverse Effect. No default exists, and no event has occurred which with notice or lapse of time or both would constitute a default, in the due performance and observance of any term, covenant or condition by the Company, of any other agreement or instrument to which the Company is a party or by which the Company or its properties or business may be bound or effected, which default or event, individually or in the aggregate, would have a Material Adverse Effect.

(m) The statistical and market related data included in the Registration Statement, the Statutory Prospectus or the Prospectus are based on or derived from sources that the Company believes to be reliable and accurate.

(n) The Company is not (i) in violation of articles of incorporation, (ii) in default under, and no event has occurred which, with notice or lapse of time, or both, would constitute a default under, or result in the creation or imposition of any lien, charge, mortgage, pledge, security interest, claim, limitation on voting rights, equity, trust or other encumbrance,

preferential arrangement, defect or restriction of any kind whatsoever, upon, any property or assets of the Company pursuant to any bond, debenture, note, indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties or assets is subject, including any instrument or approval granted to any of them by the Israel Innovation Authority (formerly the Office of the Chief Scientist) of the Israeli Ministry of the Economy and Industry (the "IAA"), or (iii) in violation of any statute, law, rule, regulation, ordinance, directive, judgment, decree or order of any judicial, regulatory or other legal or governmental agency or body, foreign or domestic, except (in the case of clauses (ii) and (iii) above) for violations or defaults that would not (individually or in the aggregate) reasonably be expected to have a Material Adverse Effect.

(o) This Agreement has been duly authorized, executed and delivered by the Company.

(p) Neither the execution, delivery and performance of this Agreement by the Company nor the consummation of any of the transactions contemplated hereby (including, without limitation, the issuance and sale by the Company of the Shares) will (i) give rise to a right to terminate or accelerate the due date of any payment due under, or conflict with or result in the breach of any term or provision of, or constitute a default (or an event which with notice or lapse of time or both would constitute a default) under, or require any consent or waiver under, or result in the execution or imposition of any lien, charge or encumbrance upon any properties or assets of the Company pursuant to the terms of, any indenture, mortgage, deed of trust or other agreement or instrument to which the Company is a party or by which either the Company or any of its properties or businesses is bound, or any franchise, license, permit, judgment, decree, order, statute, rule or regulation applicable to the Company, except, in each case, as would not (individually or in the aggregate) reasonably be expected to have a Material Adverse Effect or (ii) violate any provision of the articles of association, charter or by-laws or other organizational documents of the Company.

(q) The Company has authorized and outstanding capital stock as set forth under the caption "Capitalization" in the Statutory Prospectus and the Prospectus. The Shares have been duly authorized for issuance by the Company. All of the issued and outstanding shares of capital stock of the Company have been duly and validly issued and are fully paid and nonassessable and have been issued in compliance with all federal, state and local, including Israeli, securities laws. Except as disclosed in the Registration Statement, the Statutory Prospectus and the Prospectus, there are no statutory preemptive or other similar statutory rights to subscribe for or to purchase or acquire any shares of capital stock of the Company, including Ordinary Shares, or any such rights pursuant to its article of association, charter, certificate of incorporation or by-laws or any other applicable organizational documents or any agreement or instrument to or by which the Company is a party or bound. The Shares have been duly authorized for issuance and sale pursuant to this Agreement and when issued and sold pursuant to this Agreement, will be duly and validly issued, fully paid and nonassessable and none of them will be issued in violation of any preemptive or other similar right. Except as disclosed in the Registration Statement, the Statutory Prospectus and the Prospectus, there is no outstanding option, warrant or other right calling for the issuance of, and there is no commitment, plan or arrangement to issue, any share of capital stock of the Company or any security convertible into, or exercisable or exchangeable for, such shares. The exercise price of each option to acquire Ordinary Shares (each, a "Company Stock Option") is no less than the fair market value of an Ordinary Share as determined on the

date of grant of such Company Stock Option. All grants of Company Stock Options were validly issued and properly approved by the Board of Directors of the Company (and, if required, by a committee of the Board of Directors of the Company and/or the shareholders of the Company) in material compliance with all applicable laws and the terms of the plans under which such Company Stock Options were issued and were recorded on the Company financial statements, in accordance with IFRS as issued by the International Accounting Standards Board, and no such grants involved any "back dating," "forward dating," "spring loading" or similar practices with respect to the effective date of grant. The Ordinary Shares and the Shares conform in all material respects to all statements in relation thereto contained in the Registration Statement and the Statutory Prospectus and the Prospectus.

(r) Except as disclosed in the Registration Statement, the Statutory Prospectus and the Prospectus, no holder of any security of the Company has any right, which has not been waived, to have any security owned by such holder included in the Registration Statement or to demand registration of any security owned by such holder for a period of 180 days after the date of this Agreement. Each director and executive officer of the Company and each stockholder of the Company listed on Schedule II hereto has delivered to the Representative his or her enforceable written lock-up agreement in the form attached to this Agreement as Exhibit A hereto (the "Lock-Up Agreement").

(s) There are no legal or governmental proceedings pending to which the Company is a party or of which any property of the Company is the subject which, if determined adversely to the Company, would individually or in the aggregate have a Material Adverse Effect; and, to the knowledge of the Company, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

(t) All necessary corporate action has been duly and validly taken by the Company to authorize the execution, delivery and performance of this Agreement by the Company and the issuance and sale of the Shares by the Company, including Chapter 5 of the Part VI of the Companies Law.

(u) The Company is not involved in any labor dispute nor, to the knowledge of the Company, is any such dispute threatened, which dispute would have a Material Adverse Effect. To the Company's knowledge, there is no existing or imminent labor disturbance by the employees of any of its principal suppliers or contractors which would have a Material Adverse Effect. To the Company's knowledge, there is no threatened or pending litigation between the Company and any of its executive officers which, if adversely determined, would have a Material Adverse Effect and has no reason to believe that such officers will not remain in the employment of the Company.

(v) No transaction has occurred between or among the Company and any of its officers or directors, shareholders or any affiliate or affiliates of any such officer or director or shareholder that is required to be described in and is not so described in the Registration Statement, the Statutory Prospectus and the Prospectus.

(w) The Company has not taken, nor will it take, directly or indirectly, any action designed to, or which might reasonably be expected to cause or result in, or which has

constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of the Ordinary Shares or any security of the Company to facilitate the sale or resale of any of the Shares. The Company has not engaged and will not engage in any form of solicitation, advertising or other action constituting an offer or a sale under the Israeli Securities Law, 5728-1968, as amended (the "Israeli Securities Law"), and the regulations promulgated thereunder in connection with the transactions contemplated hereby which would require the publication of a prospectus in the State of Israel under the laws of the State of Israel.

(x) Except as would not, in each case, individually or in the aggregate, have a Material Adverse Effect, the Company (i) has filed all federal, state, local and foreign tax returns which are required to be filed through the date hereof or has received timely extensions thereof, (ii) such returns are true and correct in all respects, and (iii) the Company has paid all taxes shown on such returns and all assessments received by it to the extent that the same have become due. There are no tax audits or investigations pending, which if adversely determined would have a Material Adverse Effect; nor is the Company aware of any proposed additional tax assessments against the Company, except as would not individually or in the aggregate have a Material Adverse Effect.

(y) The Shares have been approved for listing on the NASDAQ Capital Market. A registration statement has been filed on Form 8-A pursuant to Section 12 of the Exchange Act, which registration statement complies in all material respects with the Exchange Act.

(z) The books, records and accounts of the Company accurately and fairly reflect the transactions in, and dispositions of, the assets of, and the results of operations of, the Company. The Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(aa) The Company has established and maintains disclosure controls and procedures (as such term is defined in Rule 13a-15 under the Exchange Act) that are designed to comply with the requirements of the Exchange Act applicable to the Company and that: (i) are designed to ensure that material information relating to the Company is made known to the Company’s principal executive officer and its principal financial officer by others within the Company, particularly during the periods in which the periodic reports required under the Exchange Act are required to be prepared; (ii) provide for the periodic evaluation of the effectiveness of such disclosure controls and procedures at the end of the periods in which the periodic reports are required to be prepared; and (iii) are effective in all material respects to perform the functions for which they were established.

(bb) Based on the evaluation of its disclosure controls and procedures, to the Company’s knowledge, there is no (i) material weakness or significant deficiency in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or any material weaknesses in internal controls; or

(ii) fraud, whether or not material, that involves management or other employees who have a role in the Company's internal controls.

(cc) Except as described in the Registration Statement, the Statutory Prospectus and the Prospectus, there are no material off-balance sheet arrangements (as defined in Item 303 of Regulation S-K) that have or are reasonably likely to have a material current or future effect on the Company's financial condition, revenues or expenses, changes in financial condition, results of operations, liquidity, capital expenditures or capital resources.

(dd) The Company's Board of Directors has validly appointed an audit committee whose composition satisfies the requirements of Rule 5605 of the Nasdaq Stock Market and the Board of Directors and/or the audit committee has adopted a charter that satisfies the requirements of Rule 5605 of the Nasdaq Stock Market. The audit committee has reviewed the adequacy of its charter within the past twelve months.

(ee) The Company is in compliance with all other applicable provisions of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"), any related rules and regulations promulgated by the Commission and corporate governance requirements under applicable Nasdaq regulations upon the effectiveness of such provisions and has no reason to believe that it will not be able to comply with such provisions at the time of effectiveness. There has been no failure on the part of the Company or any of its directors or officers, in their capacities as such, to comply with any provision of the Sarbanes-Oxley Act, including, without limitation, Section 402 related to loans and Sections 302 and 906 related to certifications.

(ff) The Company is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are customary in the businesses in which they are engaged or propose to engage after giving effect to the transactions described in the Statutory Prospectus and the Prospectus; all policies of insurance and fidelity or surety bonds insuring the Company or the Company's respective businesses, assets, employees, officers and directors are in full force and effect; the Company is in compliance with the terms of such policies and instruments in all material respects; and the Company has no any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that is not materially greater than the current cost. The Company has not been denied any insurance coverage which it has sought or for which it has applied, which would reasonably be expected to have a Material Adverse Effect.

(gg) Each approval, consent, order, authorization, designation, declaration or filing of, by or with any regulatory, administrative or other governmental body necessary in connection with the execution and delivery by the Company of this Agreement and the consummation of the transactions herein contemplated required to be obtained or performed by the Company (except such additional steps as may be required by the Financial Industry Regulatory Authority ("FINRA") or may be necessary to qualify the Shares for public offering by the Underwriters under the state securities or Blue Sky laws) has been obtained or made and is in full force and effect, except for, following the Firm Shares Closing Date and each Option Shares Closing Date (as applicable), (i) certain filings and notices with the Israeli Registrar regarding the issuance of

the Shares and the Company becoming a "public company" (within the meaning of the Companies Law) and (ii) providing certain information to the IIA.

(hh) To the Company's knowledge, there are no affiliations with FINRA among the Company's officers, directors or, to the best of the knowledge of the Company, any five percent or greater shareholder of the Company, except as set forth in the Registration Statement or otherwise disclosed in writing to the Representative.

(ii) (i) Except as would not reasonably be expected to have a Material Adverse Effect, the Company is in compliance with all rules, laws and regulations relating to the use, treatment, storage and disposal of toxic substances and protection of health or the environment ("Environmental Law") which are applicable to its business; (ii) the Company has not received any notice from any governmental authority or third party of an asserted claim under Environmental Laws; (iii) the Company has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business and is in compliance with all terms and conditions of any such permit, license or approval; (iv) to the Company's knowledge, no facts currently exist that will require the Company to make future material capital expenditures to comply with Environmental Laws; and (v) no property which is or has been owned, leased or occupied by the Company has been designated as a Superfund site pursuant to the Comprehensive Environmental Response, Compensation of Liability Act of 1980, as amended (42 U.S.C. Section 9601, et. seq.) or otherwise designated as a contaminated site under other applicable Environmental Laws. The Company has not been named as a "potentially responsible party" under the CERCLA 1980.

(jj) In the ordinary course of its business, the Company periodically reviews the effect of Environmental Laws on the business, operations and properties of the Company, in the course of which the Company identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws, or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, the Company has reasonably concluded that such associated costs and liabilities would not, singly or in the aggregate, have a Material Adverse Effect.

(kk) The Company is not and, after giving effect to the offering and sale of the Shares and the application of proceeds thereof as described in the Statutory Prospectus and the Prospectus, will not be required to register as an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "Investment Company Act").

(ll) Neither the Company, nor, to the Company's knowledge, any director, officer, agent or employee of the Company or any other person acting on behalf of the Company, has, directly or indirectly, while acting on behalf of the Company (i) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (ii) made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from corporate funds; (iii) violated any provision of the Foreign Corrupt Practices Act of 1977, as amended or any provision of any applicable non-U.S. anti-bribery or anti-corruption law or regulation; or (iv) made any other unlawful payment.

(mm) The operations of the Company are and have been conducted at all times in material compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable money laundering statutes of any jurisdiction where the Company conducts business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company with respect to the Money Laundering Laws is pending, or to the best knowledge of the Company, threatened.

(nn) Neither the Company, nor, to the knowledge of the Company, any director, officer, agent or employee of the Company is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"); and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(oo) Except as described in the Statutory Prospectus and the Prospectus, the Company has not sold or issued any shares of capital stock during the six-month period preceding the date of the Prospectus, including any sales pursuant to Rule 144A under, or Regulations D or S of, the Securities Act, other than shares issued pursuant to employee benefit plans, qualified stock options plans or other employee compensation plans or pursuant to outstanding options, rights or warrants.

(pp) None of the Company, its directors or its officers has distributed nor will distribute prior to the later of (i) the Firm Shares Closing Date, or the Option Shares Closing Date, and (ii) completion of the distribution of the Shares, any offering material in connection with the offering and sale of the Shares other than any Preliminary Prospectus, the Prospectus, the Registration Statement and other materials, if any, permitted by the Securities Act and consistent with the terms of this Agreement.

(qq) Since the date of the preliminary prospectus included in the Registration Statement filed with the Commission on _____ (or, if earlier, the first date on which the Company engaged directly or through any Person authorized to act on its behalf in any Testing-the-Waters Communication (as defined herein)) through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Securities Act (an "Emerging Growth Company"). "Testing-the-Waters Communication" means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Securities Act.

(rr) The Company (a) has not alone engaged in any Testing-the-Waters Communication other than Testing-the-Waters Communications with the consent of the Representative with entities that are qualified institutional buyers within the meaning of Rule 144A under the Securities Act or institutions that are accredited investors within the meaning of Rule 501 under the Securities Act, and (b) has not authorized anyone other than the Representative to engage in Testing-the-Waters Communications. The Company reconfirms that

the Representative has been authorized to act on its behalf in undertaking Testing-the-Waters Communications. The Company has not distributed any Written Testing-the-Waters Communications (as defined herein) other than those listed on Schedule IV hereto. "Written Testing-the-Waters Communication" means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act.

(ss) The Company has the power to submit, and pursuant to Section 9 of this Agreement, has legally, validly, effectively and irrevocably submitted, to the personal jurisdiction of each Specified Court (as defined below), and the Company has the power to designate, appoint and authorize, and pursuant to Section 9 of this Agreement, has legally, validly, effectively and irrevocably designated, appointed and authorized an agent for service of process in any action arising out of or relating to this Agreement in any Specified Court, and service of process effected on such authorized agent will be effective to confer valid personal jurisdiction over the Company as provided in Section 9 hereof.

(tt) The Company is a "foreign private issuer" within the meaning of Rule 405 under the Securities Act.

(uu) The Company has all requisite corporate power and authority, and all necessary authorizations, approvals, consents, orders, licenses, certificates and permits of and from all governmental or regulatory bodies or any other person or entity (collectively, the "Permits"), to own, lease and license its assets and properties and conduct its business, all of which are valid and in full force and effect, except where the lack of such Permits, individually or in the aggregate, would not have a Material Adverse Effect. The Company has fulfilled and performed in all respects all of its obligations with respect to such Permits and no event has occurred that allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other impairment of the rights of the Company thereunder, except, in each case, as would not reasonably be expected to have a Material Adverse Effect. The Company has not received any written notice denying, revoking or modifying any grants or benefits from the IIA (including, in all such cases, notice of proceedings or investigations related thereto). All information supplied by the Company with respect to the applications or notifications relating to grants and benefits from the IIA was true, correct and complete in all material respects when supplied to the appropriate authorities.

3. Conditions of the Underwriters' Obligations. The obligations of the Underwriters under this Agreement are several and not joint. The pective obligations of the Underwriters to purchase the Shares are subject to each of the following terms and conditions:

(a) Notification that the Registration Statement has become effective shall have been received by the Representative and the Prospectus shall have been timely filed with the Commission in accordance with Section 4(a) of this Agreement and any material required to be filed by the Company pursuant to Rule 433(d) of the Rules shall have been timely filed with the Commission in accordance with such rule.

(b) No order preventing or suspending the use of any Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus, shall have been or shall be in effect and no order suspending the effectiveness of the Registration Statement shall be in effect and no

proceedings for such purpose shall be pending before or threatened by the Commission, and any requests for additional information on the part of the Commission (to be included in the Registration Statement or the Prospectus or otherwise) shall have been complied with to the satisfaction of the Commission and the Representative. If the Company has elected to rely upon Rule 430A, Rule 430A information previously omitted from the effective Registration Statement pursuant to Rule 430A shall have been transmitted to the Commission for filing pursuant to Rule 424(b) within the prescribed time period and the Company shall have provided evidence satisfactory to the Underwriters of such timely filing, or a post-effective amendment providing such information shall have been promptly filed and declared effective in accordance with the requirements of Rule 430A.

(c) The representations and warranties of the Company contained in this Agreement and in the certificates delivered pursuant to Section 3(d) shall be true and correct when made and on and as of each Closing Date as if made on such date. The Company shall have performed all covenants and agreements and satisfied all the conditions contained in this Agreement required to be performed or satisfied by it at or before such Closing Date.

(d) The Representative shall have received on each Closing Date a certificate, addressed to the Representative and dated such Closing Date, of the chief executive and the chief financial officer or chief accounting officer of the Company in such capacity to the effect that: (i) the representations, warranties and agreements of the Company in this Agreement were true and correct when made and are true and correct as of such Closing Date; (ii) the Company has performed all covenants and agreements and satisfied all conditions contained herein; (iii) they have carefully examined the Registration Statement, the Prospectus, the General Disclosure Package, and any individual Issuer Free Writing Prospectus and, in their opinion (A) as of the Effective Date the Registration Statement and Prospectus did not include, and as of the Applicable Time, neither (i) the General Disclosure Package, nor (ii) any individual Issuer Free Writing Prospectus, when considered together with the General Disclosure Package, included, any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (B) since the Effective Date, no event has occurred which should have been set forth in a supplement or otherwise required an amendment to the Registration Statement, the Statutory Prospectus or the Prospectus; (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and, to their knowledge, no proceedings for that purpose have been instituted or are pending under the Securities Act and (v) there has not occurred any material adverse change in the assets, properties, condition, financial or otherwise, or in the results of operations, business affairs or business prospects of the Company.

(e) The Representative shall have received: (i) simultaneously with the execution of this Agreement, a signed letter from the Auditor addressed to the Representative and dated the date of this Agreement, in form and substance reasonably satisfactory to the Representative, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Disclosure Package, and (ii) on each Closing Date, a signed bring-down letter from the Auditor addressed to the Representative and dated the date of such Closing Date(s), in form and substance reasonably satisfactory to the Representative

containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(f) The Representative shall have received on each Closing Date from Davis Polk & Wardwell LLP, U.S. counsel for the Company, an opinion and negative assurance statement, addressed to the Representative and dated such Closing Date, in form and substance reasonably satisfactory to the Representative.

(g) The Representative shall have received on each Closing Date from Herzog Fox & Neeman, Israeli counsel for the Company, an opinion, addressed to the Representative and dated such Closing Date, in form and substance reasonably satisfactory to the Representative.

(h) The Representative shall have received on each Closing Date from Erlich & Fenster, intellectual property counsel for the Company, an opinion and written negative assurances statement, addressed to the Representative and dated such Closing Date, in form and substance satisfactory to the Representative.

(i) The Representative shall have received on the Closing Date from Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., as U.S. counsel for the Representative, a negative assurance statement, addressed to the Representative and dated as of such Closing Date, with respect to such matters as the Representative may reasonably require, and the Company shall have furnished or provided access to such counsel of such documents as they request for enabling them to pass upon such matters.

(j) All proceedings taken in connection with the sale of the Firm Shares and the Option Shares as herein contemplated shall be reasonably satisfactory in form and substance to the Representative and its counsel.

(k) The Representative shall have received copies of the Lock-up Agreements executed by each entity or person listed on Schedule II hereto. In the event that Oppenheimer & Co. Inc., in its sole discretion, agrees to release or waive any restriction set forth in a Lock-Up Agreement for an officer or director of the Company, and provides the Company with notice of the impending release or waiver at least three business days before the effective date of such release or waiver (which release or waiver shall be substantially in the Form found at Exhibit A-1 hereto), the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit A-2 hereto through a major news service at least two business days before the effective date of the release or waiver.

(l) The Shares shall have been approved for quotation on the Nasdaq Capital Market, subject only to official notice of issuance.

(m) The Representative shall be reasonably satisfied that since the respective dates as of which information is given in the Registration Statement, the Statutory Prospectus, the General Disclosure Package and the Prospectus, (i) there shall not have been any material change

in the capital stock of the Company or any material change in the indebtedness (other than in the ordinary course of business) of the Company, (ii) except as set forth or contemplated by the Registration Statement, the Statutory Prospectus, the General Disclosure Package or the Prospectus, no material oral or written agreement or other transaction shall have been entered into by the Company that is not in the ordinary course of business or that would reasonably be expected to result in a material reduction in the future earnings of the Company, (iii) no loss or damage (whether or not insured) to the property of the Company shall have been sustained that had or would reasonably be expected to have a Material Adverse Effect, (iv) no legal or governmental action, suit or proceeding affecting the Company or any of its properties that is material to the Company or that affects or would reasonably be expected to affect the transactions contemplated by this Agreement shall have been instituted or threatened and (v) there shall not have been any material change in the assets, properties, condition, financial or otherwise, or in the results of operations, business affairs or business prospects of the Company that makes it impractical or inadvisable in the Representative's judgment to proceed with the purchase or offering of the Shares as contemplated hereby.

(n) FINRA shall have confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and agreements in connection with the offering of the Shares.

(o) The Company shall have furnished or caused to be furnished to the Representative such customary certificates or documents as the Representative shall have reasonably requested.

4. Covenants and other Agreements of the Company and the Underwriters.

(a) The Company covenants and agrees as follows:

(i) The Company will use its best efforts to cause the Registration Statement, if not effective at the time of execution of this Agreement, and any amendments thereto, to become effective as promptly as possible. The Company shall prepare the Prospectus in a form approved by the Representative and file such Prospectus pursuant to Rule 424(b) under the Securities Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by the Rules. The Company will file with the Commission all Issuer Free Writing Prospectuses in the time and manner required under Rules 433(d) or 163(b)(2), as the case may be.

(ii) The Company shall promptly advise the Representative in writing (A) when any post-effective amendment to the Registration Statement shall have become effective or any supplement to the Prospectus shall have been filed, (B) of any request by the Commission for any amendment of the Registration Statement or the Prospectus or for any additional information, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus or any "free writing prospectus", as defined in Rule 405 of the Rules, or the institution or

threatening of any proceeding for that purpose and (D) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Company shall not file any amendment of the Registration Statement or supplement to the Prospectus or any Issuer Free Writing Prospectus unless the Company has furnished the Representative a copy for its review prior to filing and shall not file any such proposed amendment or supplement to which the Representative reasonably objects. The Company shall use its best efforts to prevent the issuance of any such stop order and, if issued, to obtain as soon as possible the withdrawal thereof.

(iii) If, at any time when a prospectus relating to the Shares (or, in lieu thereof, the notice referred to in Rule 173(a) of the Rules) is required to be delivered under the Securities Act, any event occurs as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if it shall be necessary to amend or supplement the Prospectus to comply with the Securities Act or the Rules, the Company promptly shall prepare and file with the Commission, subject to the second sentence of paragraph (ii) of this Section 4(a), an amendment or supplement which shall correct such statement or omission or an amendment which shall effect such compliance.

(iv) If at any time following issuance of an Issuer Free Writing Prospectus there occurs an event or development as a result of which such Issuer Free Writing Prospectus would conflict with the information contained in the Registration Statement or would include an untrue statement of a material fact or would omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances prevailing at the subsequent time, not misleading, the Company will promptly notify the Representative and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

(v) The Company shall make generally available to its security holders and to the Representative as soon as practicable, but not later than 45 days after the end of the 12-month period beginning at the end of the fiscal quarter of the Company during which the Effective Date occurs (or 90 days if such 12-month period coincides with the Company's fiscal year), an earnings statement (which need not be audited) of the Company, covering such 12-month period, which shall satisfy the provisions of Section 11(a) of the Securities Act or Rule 158 of the Rules.

(vi) Upon request, the Company shall furnish to the Representative and counsel for the Underwriters, without charge, two signed

copies of the Registration Statement (including all exhibits thereto and amendments thereof) and to each other Underwriter a copy of the Registration Statement (without exhibits thereto) and all amendments thereof and, so long as delivery of a prospectus by an Underwriter or dealer may be required by the Securities Act or the Rules, as many copies of any Preliminary Prospectus, any Issuer Free Writing Prospectus and the Prospectus and any amendments thereof and supplements thereto as the Representative may reasonably request. If applicable, the copies of the Registration Statement, preliminary prospectus, any Issuer Free Writing Prospectus and Prospectus and each amendment and supplement thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(vii) The Company shall cooperate with the Representative and its counsel to use commercially reasonable efforts to qualify the Shares for offer and sale in connection with the offering under the laws of such jurisdictions in the United States as the Representative may reasonably designate and shall maintain such qualifications in effect so long as required for the distribution of the Shares; provided, however, that the Company shall not be required in connection therewith, as a condition thereof, to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction or subject itself to taxation as doing business in any jurisdiction.

(viii) The Company, during the period when the Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) of the Rules) is required to be delivered under the Securities Act and the Rules or the Exchange Act, will file all reports and other documents required to be filed with the Commission pursuant to Section 13, 14 or 15 of the Exchange Act within the time periods required by the Exchange Act and the regulations promulgated thereunder.

(ix) Without the prior written consent of Oppenheimer & Co. Inc., for a period of 180 days after the date of this Agreement (the “Restricted Period”), the Company shall not issue, sell or register with the Commission (other than on Form S-8 or on any successor form), or otherwise dispose of, directly or indirectly, any equity securities of the Company (or any securities convertible into, exercisable for or exchangeable for equity securities of the Company), except for (A) the issuance of the Shares pursuant to the Registration Statement, (B) the issuance of Ordinary Shares upon the exercise of an option or warrant or grants pursuant to the Company's existing stock option plan or bonus plan as described in the Registration Statement and the Prospectus or the filing by the Company of a registration statement with the Commission on Form S-8 in connection therewith, (C) the issuance of any Ordinary Shares to holders of preferred shares of the Company pursuant to the conversion of the Company’s Series A

or Series B preferred shares into Ordinary Shares as described in the Registration Statement, the Statutory Prospectus and the Prospectus, (D) the issuance of any Ordinary Shares to lenders under the Company's convertible loan agreements pursuant to the conversion of outstanding convertible loans into Ordinary Shares as described in the Registration Statement, the Statutory Prospectus and the Prospectus, (E) the resale of Ordinary Shares registered with the Commission pursuant to the Registration Statement, as described in the Registration Statement, the Statutory Prospectus and the Prospectus, (F) the entrance into an agreement providing for the issuance by the Company of Ordinary Shares or any security convertible into or exercisable for Ordinary Shares in connection with the acquisition by the Company of the securities, business, or other assets of another person or entity or pursuant to an employee benefit plan assumed by the Company in connection with such acquisition, and the issuance of any such securities pursuant to any such agreement and (G) the entry into an agreement providing for the issuance of Ordinary Shares or any security convertible into or exercisable for Ordinary Shares in connection with joint ventures, commercial relationships or other strategic transactions, and the issuance of any such securities pursuant to any such agreement; provided that in the case of clauses (F) and (G), any such issuances shall be approved by a majority of the independent members of the Company's Board of Directors, and the aggregate number of Ordinary Shares that the Company may sell or issue or agree to sell or issue pursuant to clauses (F) and (G) shall not exceed 5.0% of the total number of Ordinary Shares issued and outstanding immediately following the completion of the transactions contemplated by this Agreement; and provided further, that each recipient of securities issued pursuant to clauses (C) through (G) shall execute a lock-up letter substantially in the form of Exhibit A hereto or (H) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of Ordinary Shares, provided that (i) such plan does not provide for the transfer of Ordinary Shares during the Restricted Period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by the Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Ordinary Shares may be made under such plan during the Restricted Period.

(x) On or before completion of this offering, the Company shall make all filings required under applicable securities laws and by the Nasdaq Capital Market (including any required registration under the Exchange Act).

(xi) The Company will apply the net proceeds from the offering of the Shares substantially in the manner set forth under "Use of Proceeds" in the Prospectus.

(xii) The Company will promptly notify the Representative if the Company ceases to be an Emerging Growth Company at any time prior to the later of (a) completion of the distribution of the Shares within the meaning of the Securities Act and (b) completion of the 180-day restricted period referred to in Section 4(a)(ix) hereof.

(xiii) If at any time following the distribution of any Written Testing-the-Waters Communication there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representative and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

(b) The Company agrees to pay, or reimburse if paid by the Representative, whether or not the transactions contemplated hereby are consummated or this Agreement is terminated, all costs and expenses incident to the public offering of the Shares and the performance of the obligations of the Company under this Agreement including those relating to: (i) the preparation, printing, reproduction filing and distribution of the Registration Statement, including all exhibits thereto, each Preliminary Prospectus, the Prospectus, any Issuer Free Writing Prospectus, all amendments and supplements thereto, and the printing, filing and distribution of this Agreement, (ii) the preparation and delivery of certificates for the Shares to the Underwriters, (iii) the registration or qualification of the Shares for offer and sale under the securities or Blue Sky laws of the various jurisdictions referred to in Section 4(a)(vii), including the reasonable and documented fees and disbursements of counsel for the Underwriters in connection with such registration and qualification and the preparation, printing, distribution and shipment of preliminary and supplementary Blue Sky memoranda (up to a maximum amount, when taken together with the fees and disbursements of counsel for the Underwriters incurred in connection with clause (v) of this Section 4(b), of $[_____]; (iv) the furnishing (including costs of shipping and mailing) to the Representative and to the Underwriters of copies of each Preliminary Prospectus, the Prospectus and all amendments or supplements to the Prospectus, any Issuer Free Writing Prospectus, and of the several documents required by this Section to be so furnished, as may be reasonably requested for use in connection with the offering and sale of the Shares by the Underwriters or by dealers to whom Shares may be sold; (v) the filing fees of FINRA in connection with its review of the terms of the public offering and reasonable and documented fees and disbursements of counsel for the Underwriters in connection with such review (up to a maximum amount, when taken together with the fees and disbursements of counsel for the Underwriters incurred in connection with clause (iii) of this Section 4(b), of $[_____]); (vi) inclusion of the Shares for quotation on the Nasdaq Capital Market; (vii) all transfer taxes, if any, with respect to the sale and delivery of the Shares by the Company to the

Underwriters; and (viii) all costs and expenses incident to the Offering and the performance of the obligations of the Company under this Agreement, and all reasonable out-of-pocket costs and expenses incident to the performance of the obligations of the Representative under this Agreement (including, without limitation, the reasonably incurred fees and expenses of the Underwriters' outside attorneys), provided that any such out-of-pocket costs and expenses shall not exceed (without the prior consent of the Company which shall not be unreasonably withheld) (A) $50,000 in the aggregate if the offering contemplated hereby is not consummated or (B) $_____ in the aggregate if the offering contemplated hereby is consummated.

(c) The Company acknowledges and agrees that each of the Underwriters has acted and is acting solely in the capacity of a principal in an arm's length transaction between the Company, on the one hand, and the Underwriters, on the other hand, with respect to the offering of Shares contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor, agent or fiduciary to the Company or any other person. Additionally, the Company acknowledges and agrees that the Underwriters have not and will not advise the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company has consulted with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Underwriters shall have no responsibility or liability to the Company or any other person with respect thereto, whether arising prior to or after the date hereof. Any review by the Underwriters of the Company, the transactions contemplated hereby or other matters relating to such transactions have been and will be performed solely for the benefit of the Underwriters and shall not be on behalf of the Company. The Company agrees that it will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary duty to the Company or any other person in connection with any such transaction or the process leading thereto.

(d) The Company represents and agrees that, unless it obtains the prior consent of the Representative, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Company and the Representative, it has not made and will not make any offer relating to the Shares that would constitute an “issuer free writing prospectus,” as defined in Rule 433, or that would otherwise constitute a “free writing prospectus,” as defined in Rule 405, required to be filed with the Commission. The Company has complied and will comply with the requirements of Rule 433 under the Securities Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping. The Company represents that is has satisfied and agrees that it will satisfy the conditions set forth in Rule 433 of the Rules to avoid a requirement to file with the Commission any Road Show.

(e) The Company acknowledges, understands and agrees that the Shares may be offered and sold in Israel only by the Underwriters and only to such Israeli investors listed in the First Addendum to the Israeli Securities Law (the "Addendum") who submit written confirmation to the Underwriters and the Company that such investor (i) falls within the scope of the Addendum, is aware of the meaning of same and agrees to it and (ii) is acquiring the Shares

for investment for its own account or, if applicable, for investment for clients who are investors listed in the Addendum and in any event not as a nominee, market maker or agent and not with a view to, or for the resale in connection with, any distribution thereof ("Israel Accredited Investors").

(f) The Underwriters acknowledge, understand and agree that the Shares may be offered and sold in Israel only by the Underwriters and only to Israeli Accredited Investors.

5. Indemnification.

(a) The Company agrees to indemnify and hold harmless each Underwriter, its officers and employees and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all losses, claims, damages and liabilities, joint or several (including any reasonable investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted), to which they, or any of them, may become subject under the Securities Act, the Exchange Act or other federal or state law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Registration Statement, the Statutory Prospectus, the Prospectus, any Issuer Free Writing Prospectus or any "issuer-information" filed or required to be filed pursuant to Rule 433(d) of the Rules, any amendment thereof or supplement thereto, any Written Testing-the-Waters Communication, or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that such indemnity shall not inure to the benefit of any Underwriter (or any person controlling such Underwriter) on account of any losses, claims, damages or liabilities arising from the sale of the Shares to any person by such Underwriter if such untrue statement or omission or alleged untrue statement or omission was made in such preliminary prospectus, the Registration Statement, the Prospectus, the Statutory Prospectus, any Issuer Free Writing Prospectus or such amendment or supplement thereto, any Written Testing-the-Waters Communication, in reliance upon and in conformity with the Underwriter Information. This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) Each Underwriter, severally and not jointly, agrees to indemnify and hold harmless the Company, and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, each director of the Company, and each officer of the Company who signs the Registration Statement, against any losses, claims, damages or liabilities to which such party may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Registration Statement or the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Preliminary Prospectus, the Registration Statement, the Statutory

Prospectus or the Prospectus or any such amendment or supplement in reliance upon and in conformity with the Underwriter Information; provided, however, that the obligation of each Underwriter to indemnify the Company (including any controlling person, director or officer thereof) shall be limited to the amount of the underwriting discount and commissions applicable to the Shares to be purchased by such Underwriter hereunder.

(c) Any party that proposes to assert the right to be indemnified under this Section 5 will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim is to be made against an indemnifying party or parties under this Section 5, notify each such indemnifying party of the commencement of such action, suit or proceeding, enclosing a copy of all papers served. No indemnification provided for in Section 5(a) or 5(b) shall be available to any party who shall fail to give notice as provided in this Section 5(c) if the party to whom notice was not given was unaware of the proceeding to which such notice would have related and was prejudiced by the failure to give such notice but the omission so to notify such indemnifying party of any such action, suit or proceeding shall not relieve it from any liability that it may have to any indemnified party for contribution or otherwise than under this Section 5. In case any such action, suit or proceeding shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in, and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and the approval by the indemnified party of such counsel, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses, except as provided below and except for the reasonable costs of investigation subsequently incurred by such indemnified party in connection with the defense thereof. The indemnified party shall have the right to employ its counsel in any such action, but the reasonably incurred fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the employment of counsel by such indemnified party has been authorized in writing by the indemnifying parties, (ii) the indemnified party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or in addition to those available to the indemnifying party (in which case the indemnifying parties shall not have the right to direct the defense of such action on behalf of the indemnified party) or (iii) the indemnifying parties shall not have employed counsel to assume the defense of such action within a reasonable time after notice of the commencement thereof, in each of which cases the reasonably incurred fees and expenses of counsel shall be at the expense of the indemnifying parties. An indemnifying party shall not be liable for any settlement of any action, suit, and proceeding or claim effected without its written consent, which consent shall not be unreasonably withheld or delayed.

6. Contribution. In order to provide for a just and equitable contribution in circumstances in which the indemnification provided for in Section 5(a) or 5(b) is due in accordance with its terms but for any reason is unavailable to or insufficient to hold harmless an indemnified party in respect to any losses, liabilities, claims, damages or expenses referred to therein, each indemnifying party shall contribute to the aggregate losses, liabilities, claims, damages and expenses (including any investigation, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, but after deducting any contribution received by any person entitled hereunder to

contribution from any person who may be liable for contribution) incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Shares pursuant to this Agreement or, if such allocation is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to above but also the relative fault of the Company on the one hand and the Underwriters on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 6 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission. Notwithstanding the provisions of this Section 6, no Underwriter (except as may be provided in the Agreement Among Underwriters) shall be required to contribute any amount in excess of the underwriting discounts and commissions applicable to the Shares purchased by such Underwriter. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 6, each person, if any, who controls an Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as such Underwriter, and each director of the Company, including any person who, with his or her consent, is named in the Registration Statement as about to become a director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of the Section 15 of the Securities Act or Section 20 of the Exchange Act, shall have the same rights to contribution as the Company. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this Section 6, notify such party or parties from whom contribution may be sought, but the omission to so notify such party or parties from whom contribution may be sought shall not relieve the party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this Section 6. No party shall be liable for contribution with respect to any action, suit, proceeding or claim settled without its written consent. The Underwriter's obligations to contribute pursuant to this Section 6 are several in proportion to their respective underwriting commitments and not joint.

7. Termination.

(a) This Agreement may be terminated with respect to the Shares to be purchased on a Closing Date by the Representative by notifying the Company at any time at or before a Closing Date in the absolute discretion of the Representative if: (i) there has occurred any material adverse change in the securities markets or any event, act or occurrence that has materially disrupted, or in the opinion of the Representative, will in the future materially disrupt,

the securities markets or there shall be such a material adverse change in general financial, political or economic conditions or the effect of international conditions on the financial markets in the United States is such as to make it, in the judgment of the Representative, inadvisable or impracticable to market the Shares or enforce contracts for the sale of the Shares, (ii) there has occurred any outbreak or material escalation of hostilities or acts of terrorism or other calamity or crisis the effect of which on the financial markets of the United States is such as to make it, in the judgment of the Representative, inadvisable or impracticable to market the Shares or enforce contracts for the sale of the Shares, (iii) trading in the Shares or any securities of the Company has been suspended or materially limited by the Commission or trading generally on the New York Stock Exchange, Inc. or the Nasdaq Stock Market has been suspended or materially limited, or minimum or maximum ranges for prices for securities shall have been fixed, or maximum ranges for prices for securities have been required, by any of said exchanges or by such system or by order of the Commission, FINRA, or any other governmental or regulatory authority, (iv) a banking moratorium has been declared by any state or federal authority or (v) in the judgment of the Representative, there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Prospectus, any material adverse change in the assets, properties, condition, financial or otherwise, or in the results of operations, business affairs or business prospects of the Company, whether or not arising in the ordinary course of business.

(b) If this Agreement is terminated pursuant to any of its provisions, the Company shall not be under any liability to any Underwriter, and no Underwriter shall be under any liability to the Company, except that (i) if this Agreement is terminated by the Representative or the Underwriters because of any failure, refusal or inability on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, the Company will reimburse the Underwriters for all out-of-pocket expenses (including the reasonably incurred fees and disbursements of their counsel) incurred by them in connection with the proposed purchase and sale of the Shares or in contemplation of performing their obligations hereunder and (ii) no Underwriter who shall have failed or refused to purchase the Shares agreed to be purchased by it under this Agreement, without some reason sufficient hereunder to justify cancellation or termination of its obligations under this Agreement, shall be relieved of liability to the Company or to the other Underwriters for damages occasioned by its failure or refusal.

8. Substitution of Underwriters. If any Underwriter shall default in its obligation to purchase on any Closing Date the Shares agreed to be purchased hereunder on such Closing Date, the Representative shall have the right, within 36 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other Underwriters, to purchase such Shares on the terms contained herein. If, however, the Representative shall not have completed such arrangements within such 36-hour period, then the Company shall be entitled to a further period of 36 hours within which to procure another party or other parties satisfactory to the Underwriters to purchase such Shares on such terms. If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representative and the Company as provided above, the aggregate number of Shares which remains unpurchased on such Closing Date does not exceed one-eleventh of the aggregate number of all the Shares that all the Underwriters are obligated to purchase on such date, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such date and, in addition, to

require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default. In any such case, either the Representative or the Company shall have the right to postpone the applicable Closing Date for a period of not more than seven days in order to effect any necessary changes and arrangements (including any necessary amendments or supplements to the Registration Statement or Prospectus or any other documents), and the Company agrees to file promptly any amendments to the Registration Statement or the Prospectus which in the opinion of the Company and the Underwriters and their counsel may thereby be made necessary.

If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representative and the Company as provided above, the aggregate number of such Shares which remains unpurchased exceeds 10% of the aggregate number of all the Shares to be purchased at such date, then this Agreement, or, with respect to a Closing Date which occurs after the First Closing Date, the obligations of the Underwriters to purchase and of the Company to sell the Option Shares to be purchased and sold on such date, shall terminate, without liability on the part of any non-defaulting Underwriter to the Company, and without liability on the part of the Company, except as provided in Sections 4(b), 5, 6 and 7. The provisions of this Section 8 shall not in any way affect the liability of any defaulting Underwriter to the Company or the nondefaulting Underwriters arising out of such default. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section 8 with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

9. Miscellaneous. The respective agreements, representations, warranties, indemnities and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or the Company or any of their respective officers, directors or controlling persons referred to in Sections 5 and 6 hereof, and shall survive delivery of and payment for the Shares. In addition, the provisions of Sections 4(b), 5, 6 and 7 shall survive the termination or cancellation of this Agreement.

This Agreement has been and is made for the benefit of the Underwriters, the Company, and their respective successors and assigns, and, to the extent expressed herein, for the benefit of persons controlling any of the Underwriters, or the Company, and directors and officers of the Company, and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser of Shares from any Underwriter merely because of such purchase.

All notices and communications hereunder shall be in writing and mailed or delivered or by telephone or facsimile if subsequently confirmed in writing, (a) if to the Representative, c/o Oppenheimer & Co. Inc., 385 Broad Street, New York, New York 10004 Attention: Equity Capital Markets, with a copy to Oppenheimer & Co. Inc., 385 Broad Street, New York, New York 10004 Attention: General Counsel, and to Mintz, Levin, Cohn, Ferris,

Glovsky and Popeo, P.C., 666 Third Avenue, New York, New York 10017, Attention: Ivan K. Blumenthal, Esq., Facsimile: 212-983-3115, and (b) if to the Company, to its agent for service as such agent's address appears on the cover page of the Registration Statement, with a copy to Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attention: Michael Kaplan and Sophia Hudson.

This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York applicable to agreements made and to be performed in such state. Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("Related Proceedings") may be instituted in the federal courts of the United States of America located in the Borough of Manhattan in the City of New York or the courts of the State of New York in each case located in the Borough of Manhattan in the City of New York (collectively, the "Specified Courts"), and each party irrevocably submits to the exclusive jurisdiction (except for proceedings instituted in regard to the enforcement of a judgment of any such court (a "Related Judgment"), as to which such jurisdiction is non-exclusive) of such courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail to such party's address set forth above shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or other proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such suit, action or other proceeding brought in any such court has been brought in an inconvenient forum. The Company has irrevocably appointed _____, which currently maintains an office at _____, United States of America, as its agent to receive service of process or other legal summons for purposes of any such suit, action or proceeding that may be instituted in any state or federal court in the Borough of Manhattan in the City of New York, United States of America.

With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any Related Judgment, each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

The obligations of the Company pursuant to this Agreement in respect of any sum due to the Underwriters shall, notwithstanding any judgment in a currency other than United States dollars, not be discharged until the first business day, following receipt by the Underwriters of any sum adjudged to be so due in such other currency, on which the Underwriters may in accordance with normal banking procedures purchase United States dollars with such other currency. If the United States dollars so purchased are less than the sum originally due to the Underwriters in United States dollars hereunder, the Company agrees as a separate obligation and notwithstanding any such judgment, to indemnify the Underwriters against such loss. If the United States dollars so purchased are greater than the sum originally due to the Underwriters

hereunder, the Underwriters agree to pay to the Company an amount equal to the excess of the dollars so purchased over the sum originally due to the Underwriters hereunder.

Each Underwriter shall be solely responsible for the payment of all income and similar taxes which apply to it under applicable law, on account of the provision of services provided hereunder, provided, however, that the Company may, only if required under applicable law and subject thereto, withhold, deduct or set-off any amounts as required by applicable law from payments hereunder or in connection with this Agreement. Should any payment required to be made to any Underwriter in accordance with the provisions of this Agreement be subject to withholding of any applicable taxes assessable upon such Underwriter, Company shall inform such Underwriter of such withholding requirement in advance of the first payment to be made by Company to such Underwriter hereunder, so as to allow such Underwriter to obtain and provide Company with an appropriate certificate of exemption or such other valid tax certificate in accordance with the applicable law. No withholding (or reduced withholding) shall be made if a valid exemption or tax certificate provided in accordance with the applicable law is timely obtained, and for as long as such exemption or tax certificate is valid.

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]

This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Please confirm that the foregoing correctly sets forth the agreement among us.

Very truly yours,

ENTERA BIO LTD.

By: _____

Title

Confirmed:

OPPENHEIMER & CO. INC.

_____

Acting severally on behalf of itself
and as representative of the several
Underwriters named in Schedule I annexed
hereto.

[Signature Page to Underwriting Agreement]

SCHEDULE I

Name	Number of Firm Shares to Be Purchased
Oppenheimer & Co. Inc.	
Total	

SCHEDULE II

Lock-up Signatories

SCHEDULE III

Issuer Free Writing Prospectuses

[None]

SCHEDULE IV

Testing-the-Waters Communications

Exhibit A

FORM OF LOCK-UP AGREEMENT

___, 2017

Oppenheimer & Co. Inc.

as Representative of the Several Underwriters

c/o Oppenheimer & Co. Inc.

85 Broad Street

New York, New York 10004

Re: Initial Public Offering of Entera Bio Ltd.

Ladies and Gentlemen:

The undersigned, a holder of ordinary shares, NIS 0.01 ("**Ordinary Shares**"), or securities convertible into or rights to acquire Ordinary Shares, of Entera Bio Ltd. (the "**Company**"), understands that Oppenheimer & Co. Inc. (the "**Representative**"), as Representative of the several Underwriters, proposes to enter into an Underwriting Agreement (the "**Underwriting Agreement**") with the Company, providing for the initial public offering (the "**Offering**") by the several underwriters named in Schedule I to the Underwriting Agreement (the "**Underwriters**"), of Ordinary Shares (the "**Securities**") pursuant to a registration statement on Form F-1.

In consideration of the Underwriters' agreement to enter into the Underwriting Agreement and to proceed with the Offering, and for other good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby agrees for the benefit of the Company, you and the other Underwriters that, without the prior written consent of the Representative on behalf of the Underwriters, in accordance with the terms of the Underwriting Agreement, the undersigned will not, from the date hereof through the period ending 180 days (the "**Lock-Up Period**") following the date of the Underwriting Agreement, directly or indirectly, unless otherwise provided herein, (1) offer, pledge, assign, encumber, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares either owned of record or beneficially owned (as defined in the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) by the undersigned on the date hereof or hereafter acquired (the "**Lock-Up Securities**") or (2) enter into any swap, hedge or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Lock-Up Securities, whether any such transaction described in clauses (1) or (2) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise, or publicly announce an intention to do any of the foregoing. In addition, the undersigned agrees that, without the prior written consent of the Representative, it will not, during the Lock-Up Period, make any demand for or exercise any right with respect to, the registration of any

Ordinary Shares or any security convertible into or exercisable or exchangeable for Ordinary Shares. The foregoing shall not apply to (a) the Lock-Up Securities to be transferred as a bona fide gift or gifts (provided that any donee thereof agrees in writing to be bound by the terms hereof), (b) the transfer of the Lock-Up Securities (1) to any immediate family member (provided that any such recipient agrees in writing to be bound by the terms hereof) or to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, (2) if the undersigned is a corporation, partnership, limited liability company, trust or other business entity (A) to another corporation, partnership, limited liability company, trust or other business entity that is a direct or indirect affiliate (as defined in Rule 405 promulgated under the Securities Act of 1933, as amended (the "**Securities Act**")) of the undersigned or any investment fund or other entity controlled or managed by the undersigned or (B) to limited partners, limited liability company members or stockholders of the undersigned (provided that any such transfer in this clause (2) shall not involve a disposition for value), (3) if the undersigned is a trust, to the beneficiary of such trust, (4) by testate succession or intestate succession, (5) by operation of law or by an order of a court or regulatory agency, such as pursuant to a qualified domestic order or in connection with a divorce settlement, (6) pursuant to any contract, instruction or plan that satisfies all of the requirements of Rule 10b5-1 under the Exchange Act established prior to the date of this agreement (the "**Letter Agreement**"), (7) the exercise of an option to purchase any Ordinary Shares (including by way of "net" or "cashless" exercise of stock options) or the vesting, conversion, exchange, settlement or delivery of Ordinary Shares in connection with any stock incentive plan of the Company, *provided* that any Ordinary Shares received by the undersigned upon such exercise, vesting, conversion, exchange, settlement or delivery shall be subject to the restrictions on transfer set forth herein, (8) the exercise of a warrant to purchase Ordinary Shares (including by way of "net" or "cashless" exercise of warrants), *provided* that any Ordinary Shares received by the undersigned upon such exercise shall be subject to the restrictions on transfer set forth herein, (9) the exercise of an optional conversion right pursuant to the Company's convertible loan agreements or Series A or Series B preferred share purchase agreements to convert outstanding convertible loan amounts or preferred shares into the Company's Ordinary Shares, *provided* that any Ordinary Shares received by the undersigned upon such conversion shall be subject to the restrictions on transfer set forth herein, (10) transfers or dispositions of Ordinary Shares prior to the first filing of a prospectus for the Public Offering with a "price range" set forth on the cover of such prospectus, [(11) the DNA Registrable Securities, as such term is defined in the Amended and Restated Investor Rights Agreement dated October 4, 2017, owned by the undersigned or (12)][1] or (11) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (1)-[(11)](10) above; *provided*, in the case of clauses (1)-(3) and (10), that the transferee agrees in writing with the Representative to be bound by the terms of this Letter Agreement, (c) transfers of Ordinary Shares, warrants or Company stock options to the Company (including by way of "net" or "cashless" exercise of stock options or warrants), (d) with the prior written consent of the Representative on behalf of the Underwriters, and (e) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of Ordinary Shares, *provided* that such plan does not provide for the transfer of Ordinary Shares during the Lock-Up Period, and to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of the undersigned or the Company regarding the establishment of such plan, such announcement or filing shall include a statement

[1] Applicable only to the lock-up agreements signed by D.N.A Biomedical Solutions Ltd, Capital Point Ltd., Menachem Raphael.

to the effect that no transfer of Ordinary Shares may be made under such plan during the Lock-Up Period.

Notwithstanding the foregoing, and subject to the conditions in this paragraph, the undersigned may also transfer the Lock-Up Securities during the Lock-Up Period without the prior written consent of the Representative if any such transfers are made by the undersigned: (i) to satisfy tax withholding obligations of the undersigned in connection with the vesting or exercise of equity awards outstanding as of the date of the preliminary prospectus by the undersigned pursuant to the Company's equity compensation plans and arrangements; or (ii) pursuant to the conversion or sale of, or an offer to purchase, outstanding Ordinary Shares involving a change of control for the Company, whether pursuant to a merger, tender offer or otherwise; provided, however, that in the case of any transfer described in clause (i) of this paragraph, it shall be a condition to the transfer that if the undersigned is required to file a report under Section 16(a), the undersigned shall include a statement in such report to the effect that such transfer is being made for tax withholding obligations; and provided further that in the case of any conversion or sale described in clause (ii) of this paragraph, in the event that such transaction is abandoned, the Lock-Up Securities shall remain subject to the restrictions hereunder. Furthermore, the undersigned may sell Ordinary Shares of the Company purchased by the undersigned on the open market following the Offering during the Lock-Up Period if and only if (i) such sales are not required to be reported in any public report or filing with the Securities and Exchange Commission, or otherwise and (ii) the undersigned does not otherwise voluntarily effect any public filing or report regarding such sales.

In furtherance of the foregoing, the Company, and any duly appointed transfer agent for the registration or transfer of the Lock-Up Securities described herein, are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this Letter Agreement.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Letter Agreement. All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

The undersigned understands that, if the Underwriting Agreement does not become effective by January 31, 2017, or if the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Securities to be sold thereunder, the undersigned shall be released from all obligations under this Letter Agreement.

The undersigned, whether or not participating in the Offering, understands that the Underwriters are entering into the Underwriting Agreement and proceeding with the Offering in reliance upon this Letter Agreement.

[Signature page follows.]

This Letter Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof (other than New York General Obligations Law § 5-1401).

Very truly yours,

By: _____
Name:
Title:

Exhibit A-1

[Form of Waiver of Lock-up]

[Oppenheimer Letterhead]

[corporation]
Public Offering of Ordinary Shares

[ ], 20[ ]

[Name and Address of
Officer or Director
Requesting Waiver]

Dear Mr./Ms. [Name]:

This letter is being delivered to you in connection with the offering by [Corporation] (the "Company") of [ ] Ordinary Shares, NIS[ ] par value (the "Ordinary Shares"), of the Company and the lock-up agreement dated [ ], 20[ ] (the "Lock-up Agreement"), executed by you in connection with such offering, and your request for a [waiver] [release] dated [ ], 20[ ], with respect to [ ] Ordinary Shares (the "Shares").

Oppenheimer & Co. Inc. hereby agrees to [waive] [release] the transfer restrictions set forth in the Lock-up Letter, but only with respect to the Shares, effective [ ], 20[ ][date to be 3 business days from date of letter]; provided, however, that such [waiver] [release] is conditioned on the Company announcing the impending [waiver] [release] by press release through a major news service at least two business days before effectiveness of such [waiver] [release]. This letter will serve as notice to the Company of the impending [waiver] [release].

Except as expressly [waived] [released] hereby, the Lock-up Agreement shall remain in full force and effect.

Yours very truly,

OPPENHEIMER & CO. INC.

By: _____
Name:
Title:

cc: [Company contact]

[Form of Lock Up Waiver/Release Company Press Release]

[Company]
[Date]

("[Company]") announced today that Oppenheimer & Co. Inc., the [lead book-running] manager in the Company's recent public sale of [ ] ordinary shares, is [waiving] [releasing] a lock-up restriction with respect to [ ] ordinary shares of the Company held by [ ], an [officer/director] of the Company. The [waiver] [release] will take effect on [ ], 20[ ], and the related shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

EXHIBIT 3.2

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 [_] divided into [_] ordinary shares with a nominal value of NIS [_] 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 record 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 nine (9) (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 5.1

HERZOG FOX & NEEMAN
LAW OFFICE

November , 2017
File No: 49050

Entera Bio Ltd.
Hadassah Medical Center
Kiryat Hadassah
Jerusalem 9112002
Israel

Re: Registration Statement on Form F-1

Ladies and Gentlemen:

We have acted as Israeli counsel to Entera Bio Ltd. (the "**Company**"), a company organized under the laws of the State of Israel, in connection with an underwritten public offering (the "**Offering**") contemplating the issuance and sale by the Company of up to ordinary shares, par value NIS 1.00 per share of the Company (the "**Offered Shares**"), including Company ordinary shares issuable upon exercise of an option granted to the Underwriters (as defined below) to purchase additional ordinary shares. In addition, pursuant to the resale prospectus contained in the Registration Statement (as defined below), the Company is registering up to shares of ordinary shares (the "**Resale Shares**") to be sold by certain shareholders from time to time following the consummation of the Company's initial public offering.

In connection herewith, we have examined originals or copies of (i) the registration statement on Form F-1, (File No. 333-221472), publicly filed by the Company with the U.S. Securities and Exchange Commission (the "**SEC**") on November 9, 2017 (as amended through the date hereof, the "**Registration Statement**") including the prospectus of the Company (the "**Prospectus**"), with respect to the offering of the Offered Shares included therein, (ii) a copy of the Articles of Association of the Company, as currently in effect, (iii) a draft of the amended and restated Articles of Association of the Company to become effective concurrently with the Offering, (iv) resolutions of the board of directors of the Company (the "**Board**") and the

shareholders of the Company, in each case, relating to the Registration Statement, the Prospectus and the actions to be taken in connection with the Offering, (v) the draft Underwriting Agreement to be entered into in connection with the offering (the "**Underwriting Agreement**"), between the Company and Oppenheimer & Co. Inc., as representatives of the several underwriters named therein (collectively, the "**Underwriters**"), (vi) a printout of the Israeli Companies Registrar report with respect to the Company, dated November 9, 2017, and (vii) such other documents, corporate records, agreements, certificates and other instruments, and have made inquiries with such officers and representatives of the Company, as we have deemed necessary or advisable for the purpose of rendering this opinion.

In our examination, we have assumed the genuineness of all signatures, the legal capacity of all natural persons executing documents upon which we have relied, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, photostatic or facsimile copies and the authenticity of the originals of such copies. As to all questions of fact required for rendering this opinion that have not been independently established, we have relied upon certificates or comparable documents of officers and representatives of the Company.

Based upon and subject to the foregoing, we are of the opinion that (i) upon payment to the Company for the Offered Shares of the consideration per Offered Share in such amount and form as shall be determined by the Board, and subject to the approval of the Board, the Offered Shares, when issued and sold in the Offering as described in the Registration Statement, will be duly authorized, validly issued, fully paid and non-assessable, and (ii) upon the consummation of the Company's initial public offering, the Resale Shares will be validly issued, fully paid and non-assessable.

We consent to the filing of this opinion as an exhibit to the Registration Statement and to the references to our name under the caption "Legal Matters" in the Prospectus. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933 (the "**Securities Act**"), the rules and regulations promulgated thereunder or Item 509 of Regulation S-K under the Securities Act.

The opinion expressed herein is limited to Israeli law, and we do not express any opinion as to the laws of any other jurisdiction. In addition, this opinion is limited to the matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated.

This opinion letter is rendered as of the date hereof and we disclaim any obligation to advise you of facts, circumstances, events or developments that may be brought to our attention after the date hereof that may alter, affect or modify the opinions expressed herein.

Very truly yours,

Herzog, Fox & Neeman

EXHIBIT 8.1

New York
Northern California
Washington DC
São Paulo
London
Paris
Madrid
Tokyo
Beijing
Hong Kong

Davis Polk

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017

212 450 4000 tel
212 701 5800 fax

November [ ], 2017

Entera Bio Ltd.
Kiryat Hadassah, Minrav Building – Fifth Floor
Jerusalem, Israel

Ladies and Gentlemen:

We are acting as United States counsel to Entera Bio Ltd. (the "**Company**") in connection with the preparation of the Registration Statement on Form F-1 (the "**Registration Statement**") and the related Prospectus (the "**Prospectus**") filed with the United States Securities and Exchange Commission (File No. 333-221472) by the Company for the purpose of registering under the United States Securities Act of 1933 (the "**Act**") the Company's ordinary shares.

We, as your counsel, have examined originals or copies of such documents, corporate records, certificates of public officials and other instruments as we have deemed necessary or advisable for the purpose of rendering this opinion.

We hereby confirm that our opinion as to the material U.S. federal income tax consequences to U.S. Holders of an investment in ordinary shares is set forth in full under the caption "Taxation and Government Programs – Material U.S. Federal Income Tax Considerations for U.S. Holders" in the Prospectus.

We are members of the Bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York and the federal laws of the United States.

We hereby consent to the use of our name under the captions "Taxation and Government Programs" and "Legal Matters" in the Prospectus included in the Registration Statement and to the filing, as an exhibit to the Registration, of this letter. In giving this consent we do not admit that we come within the category of persons whose consent is required under Section 7 of the Act.

Very truly yours,

Exhibit 10.1

Patent Transfer Agreement

This Patent Transfer Agreement (this "**Agreement**"), made and entered into as of the 22nd day of February, 2011 and effective on the date of the Closing (as defined below) (the "**Effective Date**"), by and between **Oramed Ltd.**, a company organized under the laws of the State of Israel with principal offices at Hi-Tech Park 2/5 Givat-Ram, PO Box 39098, Jerusalem 91390, Israel ("**Oramed**"), and **Entera Bio Ltd.**, a company organized under the laws of the State of Israel with principal offices at Avishai 3 Jerusalem 93149, Israel, ("**Entera**"; Oramed and Entera shall be referred to individually as a "**Party**" and together as the "**Parties**")

WITNESSETH: THAT

WHEREAS, the Parties have entered into a Patent License Agreement dated August 19, 2010 (the "**Original Agreement**"), attached hereto as **Exhibit A-1**, pursuant to which Oramed granted to Entera certain rights in respect of the Patent (hereinafter defined); and

WHEREAS, this Agreement constitutes Exhibit A to that certain Share Purchase Agreement by and between Oramed and D.N.A. Biomedical Solutions Ltd. ("**DNA**"), attached hereto as **Exhibit A-2** (the "**Share Purchase Agreement**"); and

WHEREAS, the Parties wish, subject to and conditional upon all the Conditions Precedent (hereinafter defined) to replace the Original Agreement with the terms set forth herein, according to which Oramed shall assign the Patent to Entera and Entera shall grant Oramed an exclusive right and license under the Patent in respect of the Licensed Fields under the terms set forth in this Agreement;

NOW, THEREFORE, subject to the terms and conditions hereof, in consideration of the mutual covenants contained herein, the Parties agree as follows:

1. **Definitions**

1.1. "**Conditions Precedent**" means all of the conditions set forth in Section 2.1 below.

1.2. "**Closing**" shall have the same meaning as defined in the Share Purchase Agreement.

1.3. "**Intellectual Property Rights**" means all (a) Licensed Patents, patents, patent applications and patent rights; (b) rights associated with works of authorship, including copyrights, copyrights applications, copyrights restrictions, mask work rights, mask work applications and mask work registrations; (c) rights relating to the protection of "know how", trade secrets, and confidential information; and (d) any and all patents, or applications, or divisions, continuations, continuation in part, renewals, reissues and extensions of the foregoing (as applicable) now existing or

hereafter filed, issued, or acquired or claiming the benefit or priority of the applications of Licensed Patents.

1.4. "**Licensed Field**" means Diabetes and Influenza.

1.5. "**Net Revenues**" shall mean the gross revenues generated and actually received by Entera, directly or indirectly, from the sales, lease or other transfer of the Licensed Patent and/or of any products covered by the Licensed Patent and/or related services and/or any other exploitation of the Licensed Patent, less (i) research and development expenses incurred by Entera that directly relate to the Patent or the products that generated such revenues, and all sales and marketing expenses and manufacturing and production of product costs (COGS) incurred by Entera that directly relate to such revenues, in each case as reflected in Entera's audit financial statements in accordance with the accounting standards used by Entera, and (ii) the amounts paid by Entera, which are separately stated on the corresponding invoice or receipt and directly applicable to the Patent or products and services covered by it, as the case may be, for VAT or similar taxes, freight charges, export packing and crating expenses, cost of returned products, wholesale discounts and quantity discounts. The fair market value of non-monetary consideration received in connection with the foregoing, shall be calculated based on the fair market value of such consideration or transaction assuming an arm's length transaction made in the ordinary course of business.

1.6. "**Patent**" means the patent application in PCT which Oramed filed under international publication number WO 2010/020978A1 entitled "Methods and Compositions for Oral Administration of Proteins" and which was published on February 25, 2010 by the International Bureau of the World Intellectual Property Organization (WIPO) attached as **Exhibit B** hereto, including all inventions and discoveries identified in it, and any continuation, continuation in part, divisional, re-issue, re-examination and substitution applications of any of the foregoing; all applications of any of the foregoing, together with all patents which may issue based thereon filed in any and all jurisdictions worldwide.

2. **Closing.**

2.1. Conditions Precedent. The obligations of each Party under this Agreement are subject to the fulfillment on or before the Closing of each of the below conditions (the "**Conditions Precedent**"):

2.1.1. The Closing of the Share Purchase Agreement shall occur simultaneously with the consummation of this Agreement.

2.1.2. Oramed, Entera and DNA shall terminate that certain Joint Venture Agreement, entered into on June 1, 2010 as amended on August 15, 2010.

2.2. DNA shall have received shareholders approval necessary to fulfill all of the respective obligations set forth under this Agreement.

2.2.1. The shareholders of Entera shall have amended and restated the Amended and Restated Articles of Association of Entera to the reasonable satisfaction of DNA pursuant to which all special shareholder's rights of Oramed (including, but not limited to, pre-emptive rights, right of first refusal, veto rights, appointment of members of the board of directors) shall be cancelled.

2.3. Actions at Closing. The following actions shall occur at the Closing: All documents shall have been delivered and executed that are required pursuant to this Agreement, including such documents required for the amendment of the applications and filings relating to the Patent with all relevant patent offices in any applicable jurisdiction to reflect the assignment of the Patent to Entera.

To the extent that by or upon the Closing not all Conditions Precedent have been met, this Agreement shall be null and void and the Original Agreement shall continue to apply without change. On the Effective Date, each of the Parties, for and on behalf of itself and its successors and assigns, shall be deemed to have released the other Party and its officers, directors, shareholders, employees, agents, representatives, successors and assigns, from any and all actions, claims and/or demands which they respectively may now have, ever had and/or may in the future have against each other arising out of and/or in connection with the Original Agreement and the transactions contemplated thereunder.

3. **Patent Assignment**. Upon and subject to the Closing, Oramed shall assign to Entera all its right, title and interest in and to the Patent, free and clear of any kind of lien, mortgage, security interest or other encumbrance, and execute and deliver the Transfer Deed attached hereto as **Exhibit C**. To the extent required after the Closing, Oramed shall execute, verify and deliver such additional documents as Entera may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing the said Patent assignment. In the event Oramed does not sign any document required in connection with the said assignment, as aforesaid, Oramed hereby irrevocably designates and appoints the chief executive officer of Entera as its agent and attorney in fact, solely to act for and on Oramed's behalf to execute, verify and file any such documents and to perform all other lawfully permitted acts solely for the purpose of assigning the rights to the Patent (including, without limitation, amendment of filings with relevant patent offices), provided that such individual provides Oramed with a copy of each and every document that is

signed, as aforesaid, concurrently with the execution thereof. Concurrently with the Closing, Oramed shall transfer to Entera a copy of all documentation in Oramed's possession relating to the Patent (including, but not limited to, all applications made worldwide, and all correspondence with patent offices, legal advisors and patent attorneys). Other than the assignment of the Patent, nothing contained herein shall be construed as granting to Entera or any other party any rights, title or interest in and to Oramed's and/or Oramed Inc.'s Intellectual Property Rights.

4. **Exclusive License Back**.

4.1 License Back. Automatically, upon assignment of the Patent to Entera, Entera grants to Oramed under the Patent and any derivatives, modifications, enhancements and improvements thereof (the "**Licensed Patent**"): a worldwide, royalty free, fully paid-up, exclusive (solely in respect of the Licensed Field), irrevocable and perpetual, non-transferable license but, with the right to sublicense, to develop, test, manufacture, make, use, market, distribute and sell, have developed, tested, manufactured, made, used, marketed, distributed and sold products covered by the Licensed Patent or otherwise exploit the Licensed Patent, solely in the Licensed Field. Oramed shall have the right to sublicense its rights hereunder in the Licensed Patent, provided that the sublicensee is bound by terms no less restrictive than those set forth herein and that Oramed is responsible for the sublicensee's compliance with the terms of the sub-license.

4.2. Entera's Ownership and Rights. Other than the rights expressly granted to Oramed in this Agreement, Entera shall retain all right, title, and interest in and to the Patent and the Licensed Patent and any derivatives, modifications, enhancements and improvements thereto and documentation related thereto and all Intellectual Property Rights embedded therein and and/or related thereto. Nothing herein contained (a) shall prevent Entera from freely using and exploiting the Patent and the Licensed Patent and/or Intellectual Property Rights related thereto, outside of the Licensed Field; and (b) nothing herein contained shall grant to Oramed any rights of any kind or nature in respect of any other patents or other intellectual property rights of Entera.

5. **Non- Compete**.

Entera shall not, directly or indirectly, engage in any activities within the Licensed Field, including without limitation market or sell, solicit the submission of, entertain inquiries, proposals, offers from any person or entity, or otherwise provide information or engage in discussions with any person or entity, in any way relating to the development, sale, licensing, distribution or other disposition of products, materials or methods within the Licensed Field.

6. **Warranty and Disclaimer**.

6.1. Mutual Warranties. Each of the Parties hereto represents and warrants that (a) it is authorized to enter into this Agreement and to carry out its obligations hereunder, (b) the Agreement constitutes, when executed and delivered at the Closing, valid and binding obligations of the Parties enforceable in accordance with its terms, (c) neither the execution and delivery of this Agreement nor the performance of any of its obligations under this Agreement will violate or conflict with a provision in an agreement or instrument or an order or judgement of a court, tribunal or governmental or regulatory body which is binding on it, and (d) except as expressly provided for in this Agreement, no approval, waiver, registration, consultation or notification is required to be obtained or made by it in connection with the execution, performance or enforcement of this Agreement.

6.2. Oramed's Warranties. Oramed represents and warrants to Entera that as of the date hereof (a) it is the sole and exclusive owner of the entire right, title and interest in and to the Patent, (b) it has, to its knowledge, performed, or caused to be performed, all acts and things, reasonably required to protect the Patent in the Territory, including, but not limited to, filing, prosecution and maintenance, and made or required payments related to the foregoing, (c) there are no outstanding payments in respect of the filing, prosecution and maintenance regarding the Patent, (d) the Patent is free and clear of any kind of lien, mortgage, security interest or other encumbrance, (e) it is not aware of any existing or threatened litigation against Oramed or any of its affiliated companies concerning the Patent, (f) it has not granted any licenses under the Patent (other than under the Original Agreement), (g) other than the Patent, it has not made any application or filing related to the absorption enhancers N (5-clilorosalicyloyl)-8-aminocaprylic acid, N (1 O-[2-hydroxybenzoyl] amino) decanoic acid, N (8- [2-hydroxybenzoyl] amino) caprylic acid, or any entity related to the above or any combination of entities related to the above said absorption enhancers, and that (h) it has not withheld from Entera any material information regarding Section 6.2(a) above.

6.3. Entera's Warranties. Entera represents and warrants to Oramed that in its capacity as the licensee of the Patent under the Original Agreement: (a) Entera has obtained and reviewed a copy of the PCT Application of the Patent and it is fully aware of the potential risks, if at all, of proceeding with the commercialization of the Patent prior to the expiration of a certain other existing patent and in respect of which delay, if any, it has no claims to Oramed; and (b) that Oramed is engaged in a continuing development process of components that are mutual to the Patent as well as other patents owned by Oramed, such as but not limited to SBTI and Aprotinin, and that any Intellectual Property Rights associated with such process and/or components is not part of the assignment of the Patent hereunder,

provided however that Oramed shall not assert against Entera intellectual property rights associated with Oramed's ongoing and/or future optimization of quantities of, and/or the ratios between, said components.

6.4. Nothing in this Agreement shall be construed as an agreement or commitment in any way that Oramed supply to Entera any products developed as a result of Oramed's ongoing and/or future development or optimization of any component or components that are mutual to the Patent as well as one or more other patents owned by Oramed.

6.5. Oramed's Covenant. Oramed undertakes to perform all acts reasonably required relating to the filing, prosecution and maintenance of the Patent until the Closing.

6.6. Disclaimer. Except for explicit representations and warranties made in this Agreement, nothing in this Agreement is or shall be construed as: (i) a warranty or representation by Oramed as to the validity or scope of the Patent; (ii) any warranty or representation by Oramed that the Patent is valid and/or enforceable or (b) is or will be free from infringement of patents, copyrights, and other rights of third parties; (iii) granting by implication, estoppel or otherwise any rights or licenses under patents owned or licensed by Oramed or Oramed Inc. other than the Patent defined in this Agreement, regardless of whether such patents are dominant or subordinate to the Patent. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, ORAMED AND/OR ORAMED INC. MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR NON INFRINGEMENT.

7. **Royalties**.

7.1. Commencing upon the date of Closing, Entera shall be obligated to pay Oramed three percent (3%) of its Net Revenues ("**Royalties**"). Royalties shall be paid within thirty (30) days after the end of each calendar quarter together with a detailed written calculation of the amounts due hereunder which shall include an itemization of the sale, lease, transfer and other exploitation of each product covered by, and each sublicense of, the Licensed Patent, both due and paid, during the relevant calendar quarter.

7.2. Entera shall keep, full and correct books of account in accordance with Generally Accepted Accounting Principles as required by international accounting standards, enabling Royalties to be calculated accurately. At the request of Oramed, but not more than twice per year, a certified public accountant, approved by the Parties, shall be entitled during regular business hours of Entera and upon prior written coordination, to audit the relevant

books and records of Entera to verify its compliance with the provisions of this Section 7. Entera shall promptly pay to Oramed the underpayment of Royalties, if any, as may be determined by the said auditor, as well as the reasonable fees of the auditor in the event that such underpayment is more than 5% of the Royalty amounts due for the audited period.

7.3. Payments shall be made by wire transfer to the bank account designated by Oramed. Entera shall add VAT to all payments hereunder, if applicable. All payments shall be made without the withholding or deduction of any taxes, levies or charges, provided that Oramed shall provide the requisite exemptions upon request.

7.4. Any payments which are not duly paid shall bear interest from the due date of payment until actual payment is made, at the rate of LIBOR plus two percent (2%), compounded annually.

7.5. In the event that a court of last resort has ruled that Oramed is in breach of its representations and warranties pursuant to Sections 6.2(a) herein, the right of Oramed to receive Royalties shall immediately terminate, without prejudice to any other right or remedy Entera may have.

8. **Confidential Information**

8.1. Definition and Use. Pursuant to this Agreement, each party may disclose to the other certain proprietary technical or business information or materials ("**Confidential Information**"). Each party agrees that it will not use any Confidential Information received from the other except for the purposes of this Agreement and agrees not to disclose any such Confidential Information to third parties, and to maintain and follow reasonable procedures to prevent unauthorized disclosure or use of the Confidential Information received from the other party and to prevent it from falling into the public domain or the possession of unauthorized persons. Without limiting the generality of the foregoing, each party agrees to disclose to its employees only such Confidential Information as is necessary to each employee's responsibilities in performing the acts allowed by this Agreement. Each party shall promptly advise the disclosing party of any disclosure, loss or use of Confidential Information in violation of this Agreement after becoming aware of the same. The parties agree that the terms and conditions of this Agreement constitute Confidential Information. Each party agrees that its confidentiality obligations hereunder shall survive for a period of five (5) years after the termination of this Agreement.

8.2. Exclusions. Confidential Information shall not include information:

8.2.1. that becomes lawfully known or available to the receiving party from a source other than the disclosing

party without breach of any confidentiality obligation under this Agreement;

8.2.2. that was already known to the receiving party, as shown by written records, before its disclosure by the disclosing party;

8.2.3. developed independently by the receiving party without the use or consideration of or reference to the Confidential Information;

8.2.4. that is within, or later falls within, the public domain without breach of this Agreement;

8.2.5. publicly disclosed with the written approval of the disclosing party; or

8.2.6. disclosed pursuant to the requirement or demand of a lawful governmental or judicial authority, but only to the extent required by operation of law, regulation or court order provided, however, that the receiving party shall provide prompt notice of such court order or requirement to the disclosing party to enable the disclosing party to seek a protective order or otherwise prevent or restrict such disclosure.

9. **Patent Protection and Prosecution**.

9.1. As of the Closing, Entera shall be responsible for and in control of the filing, prosecution and maintenance (including obtaining continuations) of all patents included in, or that claims any of the inventions included in, the Licensed Patent at its own expense. Such responsibility shall be with respect to patent prosecution in the following countries: USA, Europe, Japan, China, Israel, Brazil, Russia, India, Canada, New Zealand and Australia (the "**Territory**"). Nothing herein contained shall be construed as obligating Entera to prosecute any particular patent applications in any county other than those set forth above.

9 .2. In the event that Entera provides explicit written notice to Oramed that it has decided not to file and prosecute a patent application for the Licensed Patent in a particular jurisdiction in the Territory or fails to do so after at least thirty days prior written notice of such failure by Oramed to Entera, then in such event, Oramed may at its expense prepare, file, prosecute and maintain the Licensed Patent in all such jurisdictions in Entera's name and Entera hereby authorizes Oramed to take all such actions.

10. **Intellectual Property Infringement Enforcement**.

10.1. In the event that either Party hereto becomes aware of any infringement or threatened infringement or misappropriation or threatened misappropriation of, or challenge to, the Licensed Patent ("**IP Infringement**"), such Party will promptly advise the other Party of such IP Infringement and of all the relevant facts and circumstances known by it in connection with the IP Infringement.

10.2. As of the Closing in the event of any IP Infringement or defense, Entera shall take all reasonable legal action at its expense as recommended by its legal counsel, to protect the Licensed Patent against infringement. Oramed shall reasonably cooperate with Entera, at Entera's expense, in the prosecution of any such action and upon Entera's request shall join such action as necessary for standing to commence and maintain the action. In addition, Oramed may, at its own expense, actively participate in the conduct of any such action and, in any event, may provide ongoing comments and advice regarding its position in the dispute which comments Entera shall consider in good faith, provided, however, that Entera shall retain sole control of the defense and/or settlement of any such claim. Any recovery obtained as a result of such action shall belong to Entera, less applicable Royalties on the result of such action minus litigation expenses. In the event Entera declines or fails to timely pursue any legal action relating to such IP Infringement or defense, Oramed and/or Oramed Inc. may at their sole discretion undertake all such legal action at its expense and with its own legal counsel as it sees fit. Any recovery obtained as a result of such action shall belong solely to Oramed.

11. **Indemnification.**

11.1. Entera shall hold harmless, defend and indemnify Oramed, its directors officers, employees and assigns from and against any liability, damage, loss or expense (including reasonable attorney's fees and expenses of litigation) claims, demands or causes of action whatsoever that a court of last resort has ruled is caused by, arising out of, or resulting from, (i) any breach of any representation or warranty by Entera under this Agreement and/or (ii) the exercise of its rights granted under this Agreement.

11.2. Oramed shall hold harmless, defend and indemnify Entera, its directors officers, employees and assigns from and against any liability, damage, loss or expense (including reasonable attorney's fees and expenses of litigation) claims, demands or causes of action whatsoever that a court of last resort has ruled is caused by, arising out of, or resulting from, (i) any breach of any representation or warranty by Oramed under this Agreement and/or (ii) the exercise of its rights granted under this Agreement.

11.3. The indemnification obligations of each of the indemnitor parties above are conditioned upon: (a) prompt notice by the indemnitee to the indemnitor of the cause of action for any claim; (b) the indemnitor having sole control of the defense of the claim and the settlement thereof, provided that no settlement shall be made without the prior written consent of the indemnitee which consent shall not be unreasonably withheld and provided that the indemnitor diligently pursues the defense of such claim; and (c) the indemnitee provides reasonable assistance and cooperation as requested by indemnitor at indemnitor's expense.

12. **Limitation of Liability.**

12.1. NOTWITHSTANDING SECTION 11 ABOVE, NEITHER PARTY SHALL BE LIABLE TO THE OTHER, ITS CUSTOMERS, THE USERS OF ANY PRODUCT, OR ANY THIRD PARTIES FOR INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY DAMAGE OR INJURY TO BUSINESS EARNINGS, PROFITS OR GOODWILL SUFFERED BY ANY PERSON ARISING FROM ANY USE OF THE LICENSED PATENT OR PRODUCTS BASED THEREON, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

13. **Term and Termination**

13.1. **Term.** This Agreement shall commence on the Effective Date and continue in full force and effect, unless terminated in accordance with the terms of this Agreement ("**Term**").

13.2. **Termination for Cause.** Either Party may terminate this Agreement effective upon written notice to the other party in the event the other Party materially breaches this Agreement, and such breach remains uncured for forty-five (45) days following written notice of such breach by the non-breaching Party, unless such breach is incurable in which event termination shall be immediate upon receipt of written notice.

13.3. **Termination for Insolvency.** Each Party may terminate this Agreement by written notice, (i) upon the institution by or against the other party of insolvency, receivership or bankruptcy proceedings or any other proceedings for the settlement of such party's debts, (ii) upon the other party's making a general assignment for the benefit of creditors, or (iii) upon the other party's dissolution or ceasing to do business.

13.4. **Consequences and Survival of Certain Terms.** The provisions of Sections 1, 2, 3, 4, 6, 7, 8, 11, 12 and 13 shall survive the termination of this Agreement.

14. **General Provisions:**

14.1. **Independent Contractors**: The relationship established between the Parties by this Agreement is that of independent contractors. Nothing in this Agreement shall be construed to constitute the Parties as partners, joint venturers, co-owners or otherwise as participants in a joint or common undertaking for any purpose whatsoever.

14.2. **Governing Law; Jurisdiction**. The rights and obligations of the Parties under this Agreement shall be governed by and construed in accordance with laws of the State of Israel, without regard to conflicts of laws principles. Any dispute arising out of or in connection with this Agreement shall be brought exclusively in, and each Party irrevocably consents to the personal and exclusive jurisdiction and venue of the applicable court in the Tel Aviv Jaffa District

14.3. **Amendment**. The terms and conditions of this Agreement may only be amended by a writing signed by both Parties.

14.4. **No Waiver**. Except as expressly provided herein, the rights and remedies herein provided shall be cumulative and not exclusive of any other rights or remedies provided by law or otherwise. Failure by either party to detect, protest, or remedy any breach of this Agreement shall not constitute a waiver or impairment of any such terms or condition or the rights of such party at any time to avail itself of such remedies as it may have for any breach or breaches of such term or condition. Waiver may only occur pursuant to the express written permission of an authorized officer of the party against whom the waiver is asserted.

14.5. **Severability**. In the event any term, condition or provision of this Agreement is declared or found by a court of competent jurisdiction to be illegal, unenforceable or void, the Parties shall endeavor in good faith to agree to amendments that will preserve, as far as possible, the intentions expressed in this Agreement. If the Parties fail to agree on such amendments, such invalid term, condition or provision shall be served from the remaining terms, conditions and provisions, which shall continue to be valid and enforceable to the fullest extent permitted by law.

14.6. **Assignment**. Nothing herein shall be construed as limiting Entera's right to sell, lease, license or otherwise assign or dispose of its rights (collectively, "**Assignment**") in and to the Licensed Patent or any of its Intellectual Property Rights, provided that: (i) any such Assignment shall not relieve Entera of any of its obligations under this Agreement incurred prior to any Assignment; (ii) any Entera designated assignee shall be bound by all of Entera's obligations under this Agreement and such designated assignee confirms in writing to Oramed the aforesaid.

14.7. **Notices**. Any notice required or permitted under this Agreement or required by law must be in writing and must be (i) delivered in person, (ii) sent by registered or certified mail, postage prepaid, or (iii) sent by overnight courier such as FedEx or DHL to the addresses first written above, provided that a copy is always sent by e-mail which shall not be considered formal notice hereunder. The e-mail address of Oramed is: yifat@oramed.com and the e-mail address of Entera is: phillip@enterabio.com. Notices will be deemed to have been given at the time of actual delivery in person, seven (7) business days after deposit in the mail as set forth herein, or one (1) business day after delivery to an overnight courier service.

14.8. **Force Majeure**. Neither party will be liable to the other for any default hereunder (excluding any payment obligations) resulting from delay or failure to perform all or any part of this Agreement in such delay or failure is caused, in whole or in part, by events, occurrences or causes beyond the reasonable control of such party, Such events include, without limitation, acts of God strikes, lockouts, riots, acts of war, earthquakes, floods and fire, but the inability to meet financial obligations is expressly excluded.

14.9. **Entire Agreement.** This Agreement, including all attachments, all of which this Agreement incorporates by reference, sets forth the entire agreement and understanding between the Parties and supersedes and cancels all previous negotiations, agreements and commitments, whether oral or in writing, with respect to the subject matter described herein, and neither party shall be bound by any term, clause, provision, or condition save as expressly provided in this Agreement or as duly set forth in writing as a subsequent amendment to this Agreement, signed by duly authorized officers or each party

IN WITNESS WHREOF, the parties have caused their duly authorized representatives to enter into the Patent Transfer Agreement, effective as of the Effective Date.

ORAMED LTD.	ENTERA BIO LTD.
By: /s/ Nadav Kidron	By: /s/ Phillip Schwartz
Print Name: Nadav Kidron	Print Name: Phillip Schwartz
Title: CEO	Title: CEO

Exhibit A-2

EXECUTION VERSION

SHARE PURCHASE AGREEMENT

This Share Purchase Agreement **("Agreement")** is entered into as of the 22nd day of February, 2011 between D.N.A Biomedical Solutions Ltd. a public company duly registered under the laws of the State of Israel, with offices at Shimon Hatarasi 43, Tel Aviv 62492, Company Number 51-3600056 (the **"Company")** and, Oramed Ltd. a private company duly registered under the laws of the State of Israel with offices at Hi-Tech Park 2/5 Givat Ram, PO Box 39098, Jerusalem 91390 Israel, Company Number 51-3976712 **("Oramed")** (the Company and Oramed shall be referred to hereinafter, each as a **"Party"** and collectively as the **"Parties").**

WITNESSETH:

WHEREAS Entera Bio Ltd. is a private company duly registered under the laws of the State of Israel with offices at Avishai 3 Jerusalem 93149, Israel, Company Number 51-4330604 **("Entera")** that operates in the development of oral delivery drugs for certain indications namely for the treatment of osteoporosis;

WHEREAS The Company and Oramed each hold 50% of Entera's share capital respectively;

WHEREAS Entera's outstanding share capital consists of 30,000 ordinary shares, NIS 0.01 par value each, of Entera (the **"Ordinary Shares").**

WHEREAS Oramed agrees to sell and transfer 14,100 Ordinary Shares in Entera to the Company (the **"Oramed Shares"),** so that Oramed will be left with 900 Ordinary Shares of Entera, reflecting three percent (3%) of Entera's outstanding share capital on an undiluted basis;

WHEREAS The Company agrees to purchase the Oramed Shares for the Consideration amount set forth in Section 7.2.1 below:

WHEREAS The Company further agrees to issue to Oramed the Company Shares in accordance with the terms and conditions set forth herein.

WHEREAS The Company has agreed to participate in a private placement of Oramed's parent company, Oramed Pharmaceuticals Inc. **("Parent"),** a Nevada corporation, in an amount of US $250,000 pursuant to the Securities Purchase Agreement attached hereto as **Exhibit A** (the **"Oramed SPA"),** which has been executed between the Company and Parent (the **"Oramed Private Placement")** on the date hereof;

WHEREAS Oramed and Entera have executed the Patent Transfer Agreement on the date hereof; and

WHEREAS the Audit Committee and Board of Directors of the Company and the Board of Directors of each of Oramed and Parent have approved the respective transactions to which they are parties.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the Parties hereby agree as follows:

1 PREAMBLE *AND* INTERPRETATION

1.1 The Preamble to this Agreement and the Annexes attached hereto form an integral part hereof.

1.2 The headings of the clauses of this Agreement have been inserted for the convenience of the Parties only and they shall not be used for the interpretation of the Agreement.

2. DEFINITIONS

2.1. The following expressions as used in this Agreement will bear the meaning set out opposite them, unless otherwise expressly stated or unless the context requires otherwise:

"**Agreement**" Shall mean this Agreement together with any and all annexes and schedules attached hereto.

"Articles **of Association**" Shall mean the Articles of Association of each respective Party to this Agreement.

"Closing" As described in Section 7 below.

"Company Shares" Shall mean 8,404,667 ordinary shares of the Company whose aggregate value equals that of US $700,000, based on the representative exchange rate between the U.S. dollar and the NIS published by the Bank of Israel on February 21, 2011. This reflects a price per share of NIS 0.30 per share.

"Company" As defined in the preamble of this Agreement.

"Consideration" As described in Section 7.2.1 below.

"Entera" As defined in the recitals of this Agreement.

"ISA" Israeli Securities Authority.

"Oramed Shares" As defined in the recitals of this Agreement.

"Oramed" As defined in the preamble of this Agreement.

"Oramed Private Placement" As defined in the recitals of this Agreement.

"Oramed SPA" As defined in the recitals of this Agreement.

"Ordinary Shares" The ordinary shares, NIS 1.00 par value each, of Entera.

"**Parent**" As defined in the recitals of this Agreement.

"**Party/ies**" Shall mean the Company and/or Oramed.

"**Patent and Transfer Agreement**" Shall mean the Patent and Transfer Agreement, attached hereto as Exhibit B, entered into between Oramed and Entera on the date hereof.

"**TASE**" Tel Aviv Stock Exchange.

3. TRANSACTION

At the Closing, Oramed shall transfer the Oramed Shares to the Company for the Consideration amount set forth in Section 7.2.1 below. The Company shall issue to Oramed the Company Shares for the Consideration as defined in this Agreement.

4. CLOSING CONDITIONS

The Closing is subject to the satisfaction (or waiver by the intended beneficiary) of the following conditions and the actions set forth in Section 7.2:

4.1. The effectiveness of the Patent and Transfer Agreement; and

4.2. The consummation of the Oramed Private Placement.

5. ORAMED REPRESENTATIONS AND WARRANTIES

Oramed hereby represents and warrants to the Company as follows on the date hereof and as of the Closing.

5.1. Oramed is a company duly organized and validly existing under the laws of the State of Israel with the requisite corporate power and authority to enter into and to consummate the transactions contemplated by the this Agreement and otherwise to carry out its obligations hereunder. This Agreement has been duly executed by Oramed, and when delivered by Oramed in accordance with terms hereof, will constitute the valid and legally binding obligation of Oramed, enforceable against it in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors.

5.2. Signing this Agreement does not constitute a breach of Oramed's Articles of Association, and, to the best of the Oramed's knowledge, it does not violate

the provisions of law or of any agreement or of any competent authority, and does not require any approval or any other third party consent.

5.3. The Oramed Shares are free of any liens and/or any third party debts.

5.4. But for the representations actually made in this Agreement, Oramed represents that it is aware that the Company Shares are allocated "AS IS" without any further representations by the Company and/or its directors and/or its shareholders.

5.5. Oramed represents that it is capable of evaluating the merits and risks of the transactions contemplated hereunder, and that it shall solely bear all such economic risks.

5.6. Oramed recognizes that its investment involves a high degree of risk, and has required knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment and has the ability to bear the economic risks of its investment and the potential loss of its entire investment.

5.7. Oramed further warrants that it has considered and shall solely bear the tax implications which apply to it in connection of the execution of its investment and that the Company has not presented it with any representation in accordance with such tax implications.

5.8. Oramed hereby acknowledges that the Company Shares are subject to a resale restriction pursuant to applicable Israeli law and regulations.

5.9. As of the date of this Agreement Oramed does not hold any ordinary shares of the Company.

5.10. Conflicts. Neither the authorization, execution and delivery of this Agreement nor the consummation of the transactions herein and therein contemplated, will (i) conflict with or result in a breach of any of the terms of Oramed’s Articles of Incorporation (ii) violate any judgment, order, injunction, decree or award of any court or governmental body, having jurisdiction over Oramed, against or binding on Oramed or to which its property is subject, or (iii) violate, conflict with or result in the breach or termination of, or constitute a default under, the terms of any material agreement to which Oramed is a party, except for such violations or defaults which do not materially and adversely affect the business, assets, operations, prospects or condition, financial or otherwise of Oramed.

5.11. Filings. Consents and Approvals. To the best of Oramed's knowledge no registration or filing with, or consent or approval of or other action by, any government agency under laws and regulations thereof as now in effect is or will be necessary for the sale and delivery of the Oramed Shares.

5.12. The representations and warranties contained in this Section 5 regarding Oramed is true and correct in all material respects.

5.13. Company Reliance. Oramed expressly acknowledges and agrees that the Company is relying upon Oramed’s representations contained in this

Agreement.

6. COMPANY REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants to Oramed as follows on the date hereof and as of the Closing.

6.1. Organization. The Company is a company duly organized and validly existing under the laws of the State of Israel. The Company has all requisite corporate power and authority to own and operate its properties and to carry on its business as now being conducted.

6.2. Corporate Authority; Enforceability. The Company has full right, power and authority to issue the Company Shares as herein contemplated and the Company has full power and authority to enter into and perform its obligations under this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly authorized and approved by all requisite corporate action, and this Agreement is a valid and legally binding obligation of the Company. This Agreement has been duly executed by the Company and, when delivered in accordance with the terms thereof, will constitute the valid and binding obligation of the Company enforceable against them in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors. Subject to the resale restrictions under the relevant securities laws, the Company Shares, when issued by the Company, will be duly and validly issued, fully paid and nonassessable, and free and clear of all liens.

6.3. Conflicts. Neither the authorization, execution and delivery of this Agreement nor the consummation of the transactions herein and therein contemplated, will (i) conflict with or result in a breach of any of the terms of the Company's Articles of Incorporation (ii) violate any judgment, order, injunction, decree or award of any court or governmental body, having jurisdiction over the Company, against or binding on the Company or to which its property is subject, (iii) violate any material law or regulation of any jurisdiction which is applicable to the Company or, (iv) violate, conflict with or result in the breach or termination of, or constitute a default under, the terms of any material agreement to which the Company is a party, except for such violations or defaults which do not materially and adversely affect the business, assets, operations, prospects or condition, financial or otherwise of the Company.

6.4. Capitalization. The authorized capital of the Company as of the date hereof consists of 200,000,000 ordinary shares, of which there were (i) 133,197,419 issued and outstanding as of the date hereof as fully paid and nonassessable shares; (ii) options and/or warrants to purchase 792,001 ordinary shares; and (iii) employee and directors options to purchase 4,351,789 ordinary shares. All of the outstanding shares of share capital of the Company are validly issued, fully paid and nonassessable. The issuance of the Company Shares pursuant to the provisions of this Agreement will not violate any preemptive rights or rights of first refusal granted by the Company that will not be validly waived or complied with, and will be free of any liens or encumbrances, other than any liens or encumbrances created by or imposed upon Oramed through no action of the Company. Notwithstanding the aforesaid, pursuant to the Creditors Settlement, dated March 9, 2010 attached

hereto as **Schedule 6.4 ("Creditors Settlement"),** additional Company equity may be issued. Other than a verbal understanding between Mr. Zeev Bronfeld and Mr. Meni Mor, each a controlling shareholder of the Company, to act in concert with respect to the ordinary shares of the Company held by each of them, there are no shareholders agreements, voting agreements or other similar agreements with respect to the Company's share capital to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's shareholders, including Oramed.

6.5. Litigation. Excluding suits and or proceedings pursuant to the Creditors Settlement and an appeal brought against the Company by a former employee of the Company, to the best of Company's knowledge there are no actions, suits or proceedings at law or in equity or by or before any governmental instrumentality or other agency or regulatory authority now pending, or, to the best knowledge of the Company, threatened against the Company.

6.6. Compliance with Laws. The Company is not in violation of any statute, law, rule or regulation, or in default with respect to any judgment, writ, injunction, decree, rule or regulation of any court or governmental agency or instrumentality, except for such violations or defaults which do not materially and adversely affect the business, assets, operations, prospects or condition, financial or otherwise, of the Company.

6.7. Filings. Consents and Approvals. Except for the requisite approval of the

TASE and/or the ISA to the best of the Company's knowledge no registration or filing with, or consent or approval of or other action by, any government agency under laws and regulations thereof as now in effect is or will be necessary for the valid execution, delivery and performance by the Company of this Agreement, and the issuance, sale and delivery of the Company Shares. All reports delivered by the Company in accordance to applicable TASE and ISA regulations were true and correct and did not contain any misleading information as such term is defined in the Israel Securities Law 1968.

6.8. Absence of Changes. The ordinary shares of the Company are listed on the TASE. No order ceasing, halting or suspending trading in the ordinary shares or prohibiting the sale of the ordinary shares has been issued to and is outstanding against the Company or its directors, officers or promoters, and, to the best of the Company's knowledge, no investigations or proceedings for such purposes are pending or threatened. The Company has not taken any action which would be reasonably expected to result in the delisting or suspension of quotation of the ordinary shares on or from the TASE.

6.9. Offering. The offer, issue, and sale of the Company Shares contemplated hereby are exempt from the prospectus requirements of under the Israeli Securities Law, 5728-1968. Neither the Company nor any authorized agent acting on its behalf will knowingly take any action hereafter that would cause the loss of such exemptions. The Company has not offered or sold its ordinary shares or related derivative securities to more than 35 investors (excluding qualified institutional investors) during the past 12 months.

6.10. Disclosure. All disclosure provided to Oramed with regard to the representations and warranties contained in this Section 6 regarding the Company, its business and the transactions contemplated hereby, furnished in writing by the Company is true and correct in all material respects and does not contain any untrue statement of a

material fact or omit to state any material fact necessary in order to make the statements made therein.

6.11. Oramed Reliance. The Company expressly acknowledges and agrees that Oramed is relying upon the Company's representations contained in this Agreement.

7 CLOSING

7.1. The closing shall take place at Victor Tshuva & Co. - Law Offices, at Level 8, S.A.P Building, Hayezira 3, Ramat Gan, Israel at 11:00 A.M. (Israel time) on the first business day following the satisfaction of all the closing conditions set forth herein, or on such other date and place as the Parties' mutually agree upon orally or in writing (the **"Closing").** If the Closing shall not have occurred on or prior to March 31, 2011, then Oramed shall have the right to terminate this Agreement and the transactions contemplated hereby.

7.2. At the Closing, the following actions shall take place:

7.2.1 The Company shall pay the **"Consideration"** which shall consist of the following:

7.2.1.1 The Company shall execute and deliver to Oramed a Promissory Note, in the form attached hereto as **Schedule 7.2.1.1,** in the principal amount of US $450,000.

7.2.1.2 The Company shall issue the Company Shares in favor of the Company's registration company ("חברה לרישומים") instructing the registration company to register the Company Shares to Oramed's bank account as described below:

Bank Leumi
Bank Address: Har Hachozvim, Hartum 7 Jerusalem, Israel
Routing Number - IL010856
Swift No: LUMIILITXXX
IBAN il950109680000053550084
Account Title/Beneficiary: Oramed Ltd
Account Number: 53550084

7.2.2 The Company shall transfer US $250,000 to Parent in the Oramed Private Placement.

7.2.3 Parent shall deliver to the Company an executed warrant to purchase 781,250 shares of common stock of Parent in the form attached to the Oramed SPA and a copy of its instructions to its transfer agent to issue the 273,438 shares of common stock of Parent pursuant to the Oramed SPA.

7.2.4 Oramed shall deliver to the Company an executed Share Transfer Deed for the Oramed Shares, in the form attached hereto as **Schedule 7.2.4.**

7.2.5 Resolutions of the Audit Committee and Board of Directors of the Company, the Board of Directors of each of Oramed and Parent and the Board of Directors and shareholders of Entera authorizing the applicable party to enter into this Agreement and approving the respective transactions to which they are parties shall be delivered to the Parties.

7.2.6 Shareholders' resolutions of the Company authorizing it to enter into this Agreement and, approving the transactions contemplated by this Agreement shall be delivered to Oramed.

7.2.7 The Company shall deliver to Oramed a copy of the approval of the TASE for the listing of the Company Shares.

7.2.8 Each of the Parties and Entera shall execute and deliver an instrument of termination and mutual release in respect of the Joint Venture Agreement among them, dated June 1, 2010.

7.2.9 In connection with this Agreement, Entera shall have amended its articles of association to remove the special rights of Oramed.

7.2.10 All the actions at the Closing and all transactions occurring at the Closing shall be deemed to take place simultaneously, and no transaction shall be deemed to have been completed and no document or certificate shall be deemed to have been delivered, until all transactions are completed and all documents as ascribed hereinabove have been delivered.

8. TAXES

Each Party will bear the taxes applicable to it as a result of this transaction under this Agreement.

9 GOVERNING LAW AND JURISDICTION

This Agreement, its interpretation, validity and breach shall be governed exclusively by the laws of the State of Israel, without regard to its conflict of laws rules, the competent courts of Tel Aviv-Jaffa shall have exclusive jurisdiction in the resolution of any dispute relating to this Agreement.

10. MISCELLANEOUS

10.1. Entire Agreement. This Agreement and the annexes attached hereto fully embraces the legal relationship between the Parties, and no previous agreements, memoranda of agreements, letters, negotiations, promises, consents, undertakings, representations, warranties or documents which were applied, exchanged, or signed, whether written or oral, by or between any of the Parties prior to the signing of this Agreement shall have any force or effect with respect to the subject matter hereof.

10.2. Further Cooperation. The Parties agree to execute any and all documents necessary in order to consummate, implement and give full force and effect to this Agreement, and to all matters, things and transactions envisaged and contemplated herein including, but not limited to, filings with governmental or regulatory bodies, powers of attorney, corporate resolutions and such other documentation as may be reasonably necessary from time to time.

10.3. Severability. If one or more provisions of this Agreement is held to be unenforceable under applicable law, such provision shall be excluded from this Agreement, and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; provided, however, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

10.4. Counterparts; Facsimile. This Agreement may be executed at one or more times and in any number of

counterparts, including counterparts executed or delivered by fax or other electronic transmission, each of which containing the signature of any of the Parties shall be deemed an original, but all of which together shall constitute one and the same instrument. The original of any copy of this Agreement executed with an original signature and transmitted via facsimile or other electronic transmission shall be deemed valid.

10.5. Amendments and Waivers. The failure of any Party at any time or times to require performance of any provision hereof or to enforce any right with respect thereto, shall in no manner affect the right of such Party at a later time to enforce the same and shall in no way be construed to be a waiver of such provision or right* Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Party against whom enforcement of any such amendment or waiver is sought.

10.6. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the respective parties at the addresses set forth in this Agreement (or at such other addresses as shall be specified by notice given in accordance with this Section 10.7).

[Signature Page to Follow]

IN WITNESS WHEREOF the parties have signed this Agreement as of the date first set forth above.

D.N.A Biomedical Solutions Ltd.

/s/ D.N.A. Biomedical Solutions Ltd.

By: D.N.A. Biomedical Solutions Ltd.

Title:

Oramed Ltd.

/s/ Nadav Kidron

By: Nadav Kidron

Title: CEO

Exhibit C

Patent Assignment

Oramed Ltd., a company organized under the laws of the State of Israel with principal offices at Hi-Tech Park 2/5 Givat-Ram, PO Box 39098, Jerusalem 91390, Israel (herein referred to as "Assignor") hereby acknowledges that pursuant to the Patent Transfer Agreement by and among Assignor and **Entera Bio Ltd.**, a company organized under the laws of the State of Israel with principal offices at Hi-Tech Park 2/5 Givat-Ram, PO Box 39098, Jerusalem 91390, Israel (herein referred to as "Assignee"), executed on February 22, 2011 (the "Patent Transfer Agreement"), Assignor hereby sells, assigns, transfers, and sets over unto Assignee:

(1) Assignor's entire right, title and interest in, to, and under the patent and patent applications, and any and all inventions, discoveries and applications that are disclosed in these patent and patent applications, for the United States and in all countries, as identified in Schedule A attached to this Patent Assignment (herein referred to as the "Patents"), and including any and all divisional, continuation, continuation-in-part, renewal, reissue, reexamination, revival, extension, and any substitute application based upon the Patents,; (2) the full and complete right to file patent applications in the name of the Assignee, its designee, or its designee's election, in all countries of the world, on the aforesaid Patents and any inventions, discoveries and applications disclosed in the Patents; (3) the entire right, title and interest in and to any letters patents that may issue thereon in the United States or in any country, and any renewals, revivals, reissues, reexaminations and extensions thereof, and any patents of confirmation, registration and importation of the same; (4) the entire right, title and interest in all convention and treaty rights of all kinds thereon, including without limitation all rights of priority in any country of the world, in and to the Patents and the inventions, discoveries and applications that are disclosed in the Patents; (5) any and all claims, demands, causes of action, damages, and remedies of every kind recoverable at law or in equity or otherwise from any and every party for any and every infringement of the Patents and any letters patent that may issue thereon together with the rights to bring and maintain any action for past, present, and future acts of infringements and for the recovery of damages and fees in the United States or in any country; and (6) all rights, title, and interest evidenced by or embodied in or connected or related to the foregoing.

Assignor hereby authorizes and requests the competent authorities to grant and issue any and all letters patents that may issue from the Patents in the United States and throughout the world to the Assignee of the entire right, title and interest therein, as fully and entirely as the same would have been held and enjoyed by Assignor had this assignment, sale and transfer not been made.

Assignor shall execute, verify and deliver such additional documents as Assignee may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing the said Patent assignment. In the event Assignor does not sign any document required in connection with the said assignment, as aforesaid, Assignor hereby irrevocably designates and appoints the chief executive officer of Assignee as its agent

and attorney in fact, solely to act for and on Assignor's behalf to execute, verify and file any such documents and to perform all other lawfully permitted acts solely for the purpose of assigning the rights to the Patent (including, without limitation, amendment of filings with relevant patent offices), provided that such individual provides Assignor with a copy of each and every document that is signed, as aforesaid, concurrently with the execution thereof.

Assignor hereby covenants that no assignment, sale, agreement or encumbrance has been or will be made or entered into that would conflict with this Patent Assignment.

This Patent Assignment is delivered pursuant to the Patent Transfer Agreement and is subject to the conditions, representations, warranties and covenants provided therein. Nothing contained herein shall itself change, amend, extend or alter the terms or conditions of the Patent Transfer Agreement in any manner whatsoever. In the event of any conflict or other difference between the Patent Transfer Agreement and this instrument, the provisions of the Patent Transfer Agreement shall prevail.

All capitalized terms not otherwise defined in this Patent Assignment shall have the same meaning ascribed to them in the Patent Transfer Agreement.

ASSIGNOR: ORAMED LTD.

Date: _____

_____
Signature
Name: _____
Title: _____

ASSIGNEE: ENTERA BIO LTD.

Date: _____

_____
Signature
Name: _____
Title: _____

SCHEDULE A TO THE PATENT ASSIGNMENT

Oramed Ltd.

List of Patents and Patent Applications

SERIAL NO FILING DATE	PATENT NO (or publica-tion no. in parentheses if still pending)	CTRY	TITLE	RELATED APPS.	STATUS	PATENT EXPIRATION DATE	NAMED INVENTORS

EXHIBIT 10.8

November __. 2015

Entera Bio Ltd.
Kiryat Hadassah Minrav Building - Fifth Floor
POB 12117
Jerusalem, Israel

Reference is made to the Second Amendment to Series A Preferred Share Purchase Agreement, dated as of January 1, 2015 by and between the Company and Centillion Fund ("**Centillion"** and the **"Second Amendment",** respectively). Any capitalized terms used but not defined herein shall have such meaning provided to them in the Second Amendment.

Following discussions between Centillion and the Company, and notwithstanding the fact that this notice is provided following October 1, 2015, Centillion hereby requests to extend the last date for the consummation of the second Milestone Event to October 1, 2017.

This letter shall be deemed an amendment pursuant to Section 10.4 of the Series A Preferred Share Purchase Agreement, dated as of January 29th, 2014 by and between the Company and Centillion (the **"SPA**"), to the last date in which this letter can be submitted pursuant to Schedule 1.2(a) of the SPA (as was amended by the Second Amendment) to be November __ 2015.

CENTILLION FUND

By: /s/ Sean Ellis

Name: *Sean Ellis*

Title: _____

Agreed and accepted:

ENTERA BIO LTD.

By: /s/ Phillip Schwartz

Name: *Phillip Schwartz*

Title: CEO

EXHIBIT 10.12

ENTERA BIO LTD.

[date]

Dear [please insert name]

Re: **Indemnification Letter between Entera Bio Ltd. and [name] (the "Indemnification Letter")**

You are or have been appointed as a director or office holder as such terms are defined in the Israeli Companies Law – 1999 (the "**Companies Law**") (collectively, an "**Office Holder**") of Entera Bio Ltd. (the "**Company**"), and in order to enhance your service to the Company in an effective manner, the Company desires to provide hereunder for your indemnification to the fullest extent permitted by law. The indemnification provided for herein will also apply if permitted by the Companies Law to any "action" (as such term is defined below) taken by you in your capacity as a director, officer and/or employee of any other company controlled directly or indirectly by the Company ("**Subsidiary**") or in your capacity as a director, or observer at board of directors' meetings of a company not controlled by the Company but where your appointment as a director or observer results directly from the Company's holdings in such company ("**Affiliate**") and references herein to the Company shall encompass such roles, as applicable.

This letter is a supplement to and in furtherance of the indemnification provisions of the Articles of Association of the Company (as may be amended from time to time) and shall not be deemed a substitute therefor, nor to diminish or abrogate any of your rights thereunder.

In consideration of you continuing to serve the Company, the Company hereby agrees as follows:

1. The Company hereby undertakes to indemnify you to the maximum extent permitted by the Companies Law in respect of the following:

1.1. any financial obligation or liability imposed on, or incurred by you in favor of another person and/or legal entity, including any government office by, or expended by you as a result of, a court judgment, including a settlement or an arbitrator's decisions approved by a court of law, in respect of any act or omission ("**action**") taken or made by you in your capacity as an Office Holder of the Company or any Subsidiary; and

1.2. all reasonable legal expenses including attorney's fees expended by you or charged to you by a court of law, including reasonable attorneys' fees and all other costs, expenses and obligations incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend to be a witness in or participate, in any action, suit, proceeding, alternative dispute resolution mechanism, hearing, inquiry or investigation brought against you by the Company or on its behalf or by another person, or in any criminal prosecution in which you are acquitted, or in any criminal prosecution of a crime which does not require proof of criminal intent in which you are convicted, all in respect of actions taken by you in your capacity as an Office Holder of the Company or of any Subsidiary; and

1.3. all reasonable expenses, including attorneys' fees, expended by you as a result of an investigation or a proceeding instituted against you by a competent authority, provided that such investigation or proceeding is "concluded without the filing of an indictment against you" (as defined in the Companies Law) and "without any financial liability imposed on you in lieu of criminal proceedings" (as defined in the Companies Law), or that is concluded with the imposition of a financial liability in lieu of criminal proceedings but relates to a criminal offense that does not require proof of criminal intent or in connection with a financial sanction imposed on you in your capacity as an Office Holder of the Company or of any Subsidiary; and

1.4. A payment which you are obligated to make to an injured party as set forth in Section 52(54)(a)(1)(a) of the Israeli Securities Law, 1968, as amended (the "**Securities Law**"), if applicable, and reasonable litigation expenses, including attorney fees, that you incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, if applicable, 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; and

1.5. any other circumstances arising under the law in respect of which the Company may indemnify an Office Holder of the Company, (including, without limitation, Section 50P(b)(2) of the Israeli Restrictive Trade Practices Law, 5758-1988).

2. Notwithstanding the aforesaid, the Company will not indemnify you for any amount you may be obligated to pay in respect of:

2.1. a breach of your duty of loyalty to the Company or any Subsidiary, except, to the extent permitted by the Companies Law, for a breach of a duty of loyalty to the Company or any Subsidiary while acting in good faith and having reasonable cause to assume that such act would not prejudice the interests of the Company or any Subsidiary, as applicable;

2.2. a willful or reckless breach of the duty of care, other than a breach committed solely by negligence;

2.3. an action taken or not taken with the intent of unlawfully realizing personal gain;

2.4. a fine or penalty imposed upon you for an offense; and

2.5. a counterclaim made by the Company or any Subsidiary or in their names in connection with a claim against the Company or any Subsidiary filed by an Indemnitee.

In any such case under this Section 2, a determination of non-indemnification by the Company shall only be made if it is determined upon final adjudication of a court of competent jurisdiction that you are not lawfully entitled to such indemnification.

3. To the fullest extent permitted by law, the Company shall make available all amounts needed in accordance with Section 1 above on the date on which such amounts are first payable by you ("**Time of Indebtedness**"), or as soon as possible, but in any event not later than five (5) Business Days following your written demand to the Company, and with respect to items referred to in Section 1.2 and 1.3 above, even prior to a court or other tribunal decision. Subject to applicable law and the other provisions hereof, the Company shall advance reasonable expenses incurred by you in connection with a claim relating to any event that is indemnifiable hereunder. Advances given to cover reasonable expenses in criminal proceedings will be repaid by you to the Company, within ten (10) Business Days as of the court's decision, if you are found guilty of a crime which requires proof of criminal intent or if a financial liability was imposed in lieu of a criminal proceeding for a crime which requires a finding of criminal intent. Other advances will be repaid by you to the Company if it is determined by a court of competent jurisdiction that you are not lawfully entitled to such

indemnification. For purposes of this Indemnification Letter, "**Business Days**" means days on which customer services are provided by a majority of the major commercial banks in Israel.

As part of the aforementioned undertaking, the Company will make available to you any security or guarantee that you may be required to post in accordance with an interim decision given by a court or an arbitrator, including for the purpose of substituting liens imposed on your assets.

4. The Company will indemnify you even if at the relevant Time of Indebtedness you are no longer an Office Holder of the Company or any Subsidiary provided that the obligations are in respect of actions taken by you while you were an Office Holder of the Company or any Subsidiary as aforesaid, and in such capacity.

5. Subject to the applicable law, including, without limitation, the Companies Law, the indemnification will be limited to the matters mentioned in Section 1.2 through 1.5 above and to the matters mentioned in Section 1.1 above insofar as they result from, or are connected to, your actions in the following matters, which are deemed by the Company's Board of Directors (the "**Board**"), based on the current activity of the Company, to be foreseeable at the date hereof:

5.1. The offering or sale of securities by the Company and/or by a shareholder to the public and/or to private investors or the offer by the Company to purchase securities from holders thereof pursuant to a prospectus, agreements, notices, reports, tenders and/or other proceedings and violations of securities laws of any jurisdiction, including without limitation, fraudulent disclosure claims and other claims relating to relationships with investors and the investment community;

5.2. Actions in connection with investments the Company, Affiliates and/or Subsidiaries make in other corporations whether before and/or after the investment is made, entering into the transaction, the execution, development and monitoring thereof, including actions taken by you in the name of the Company, Affiliates and/or Subsidiaries as a director, officer and/or board observer of the corporation which is the subject of the transaction and the like;

5.3. The sale, purchase and holding of negotiable securities or other investments for or in the name of the Company, Affiliates and/or any Subsidiary;

5.4. Actions in connection with any sale of the assets of the Company or the acquisition of any other entity or the Company, Affiliate and/or any Subsidiary by another entity by means of merger or consolidation resulting in the exchange of the outstanding shares of the Company, Affiliate and/or any Subsidiary or the liquidation of the Company, the issuance of shares or securities exercisable into shares of the Company, changing the share capital of the Company, formation of subsidiaries, reorganization, winding up or sale of all or part of the business, operations or shares of the Company;

5.5. Actions in connection with the sale of the operations and/or business, or part thereof, of the Company, Affiliate and/or any Subsidiary;

5.6. Actions in connection with the purchase, licensing or acquisition of rights in products, assets or technologies of other persons or legal entities, and the sale, licensing or grant of license in the same to other persons or legal entities;

5.7. Actions in connection with the purchase or sale of companies, legal entities or assets, and the division or consolidation thereof;

5.8. Actions taken in connection with labor relations and/or employment matters in the Company, Affiliate and/or any Subsidiary and trade relations of the Company, Affiliate and/or any Subsidiary, including with employees, independent contractors, customers, suppliers and various service providers;

5.9. Actions in connection with the conduct of clinical trials and/or testing, development, testing or manufacturing of products developed by the Company, Affiliate and/or any Subsidiary or in connection with the distribution, sale, license or use of such products, including without limitations in connection with professional liability and product liability claims;

5.10. Actions taken in connection with the intellectual property of the Company, Affiliate and/or any Subsidiary and its protection, including the registration or assertion of rights to intellectual property and the defense of claims related to intellectual property;

5.11. Actions taken pursuant to or in accordance with the policies and procedures of the Company, Affiliate and/or any Subsidiary, whether such policies and procedures are published or not;

5.12. Approval of corporate actions, including the approval of acts of the Company's management, its guidance and its supervision;

5.13. Claims of failure to exercise business judgment and a reasonable level of proficiency, expertise and care in regard of the Company's business;

5.14. Violations of laws requiring the Company to obtain regulatory and governmental licenses, permits and authorization in any jurisdiction;

5.15. Claims in connection with publishing or providing any information, including any filings with governmental authorities (including, without limitation, the Israeli income tax authorities, National Insurance Institute of Israel and the Israeli Companies Registrar), on behalf of the Company, in the circumstances required under applicable laws;

5.16. Claims in connection with the preparation or providing of any annual or quarterly financial statements, profit and loss statements, balance sheets and similar financial information;

5.17. Any claim or demand made by any lenders or other creditors or for monies borrowed by, or other indebtedness of, the Company or its Affiliates and/or Subsidiaries;

5.18. Actions resulting in bodily injury or harm, illness, death, or property loss, including the loss of use thereof;

5.19. Actions concerning the approval of transactions of the Company, Affiliate and/or any Subsidiaries with Office Holders and/or holders of controlling interests in the Company, Affiliate and/or any Subsidiaries;

5.20. Participation and/or non-participation at the Board and/or Board committees meetings, bona fide expression of opinion and/or voting and/or abstention from voting at the Board and/or Board committees meetings;

5.21. The Company's interaction with the tax authorities, the Company's and the subsidiaries' shareholders, employees, creditors and other third parties, including, but not limited to: (i) failure to remit tax withheld in connection with the Company's and its Subsidiaries' and/or Affiliate's employees' compensation and benefits; (ii) failure to remit to third parties any amount deducted from the payments due to the Company's and its Subsidiaries' and/or Affiliate's employees; (iii) failure to pay royalties due to third parties in compliance with the agreement(s) entered into between the Company and its Subsidiaries and/or Affiliates with such third parties; and (iv) failure to pay monetary liabilities to third parties relating to loans received by the Company and its Subsidiaries and/or Affiliates;

5.22. Actions taken in connection with the intellectual property rights of the Company and its Subsidiaries and/or Affiliates and its protection, including, but not limited to confidential information, patents, copyrights, design rights, service marks, trade secrets, copyrights, misappropriation of ideas;

5.23. Actions in connection with the conduct of clinical trials and/or testing, development, or manufacturing of products developed by the Company and its Subsidiaries and/or Affiliates or by third parties on behalf of the Company and its Subsidiaries and/or Affiliates and/or in connection with the sale, distribution, license or use of such products;

5.24. Actions relating to an offer or issuance of securities of the Company and its Subsidiaries and/or Affiliates to the public by prospectus or privately by private placement, in Israel or abroad, including the details that shall be set forth in the documents in connection with execution thereof;

5.25. Actions and/or reports required by law, if and when the Company shall become a public company whose shares are offered to the public and/or traded on a stock exchange in Israel or abroad and/or as required under law and contract with respect to a private company;

5.26. Resolutions and/or actions and/or reports made in the ordinary course of business and relating to the management of the Company's business and/or the business of a Subsidiary or an Affiliate;

5.27. Resolutions and/or actions relating to environmental and public health matters of the Company and/or of a Subsidiary or an Affiliate;

5.28. Resolutions and/or actions relating to patents, trademarks, copyrights and other intellectual property and/or in regard to the violation of the same;

5.29. Acts or omissions not covered by product liability insurance;

5.30. Resolutions and/or actions relating to investments in the Company and/or its subsidiaries and/or Affiliates and/or the purchase or sale of assets, including the purchase or sale of companies and/or businesses, and/or investments in corporate or other entities and/or investments in traded securities and/or any other form of investment;

5.31. Resolutions and/or actions relating to transactions of the Company and/or of a Subsidiary or an Affiliate with others, including inter-company transactions, and clients, contractors, suppliers etc.;

5.32. Resolutions and/or actions relating to the distribution of dividends and/or repurchase of shares or returns of capital or loans of the Company and/or of an Affiliate;

5.33. Resolutions and/or actions relating to tender offers, including actions relating to delivery of opinions in relation thereto, of the Company and/or of an Affiliate;

5.34. Resolutions and/or actions relating to the approval of transactions with officers and/or directors and/or shareholders of the Company and/or of an Affiliate;

5.35. Acts or omissions in connection with bodily injury or property damage attributed to the Company and its Subsidiaries and/or Affiliates and/or to the Office Holder operating on the Company's behalf;

5.36. Act or omission resulting in the failure to maintain appropriate insurance and/or inadequate safety measures and/or a malpractice of risk management;

5.37. The sale of securities by the Company and its Subsidiaries and/or Affiliates and/or by a shareholder to investors or the offer by the Company and its Subsidiaries and/or Affiliates to purchase

securities from the public and\or from private investors or other holders thereof pursuant to agreements, notices, reports, tenders and/or other proceedings;

5.38. The sale, purchase and holding of negotiable securities or other investments for or in the name of the Company and its Subsidiaries and/or Affiliates;

5.39. Actions in connection with the sale of the outstanding share capital and/or the operations and/or business, or part thereof, of the Company and its Subsidiaries and/or Affiliates;

5.40. Without derogating from the generality of the above, actions in connection with the purchase or sale of companies, legal entities or assets, and the division or consolidation thereof;

5.41. Actions in regard to invasion of privacy including with respect to databases and acts in regard of slander;

5.42. Actions in connection with antitrust matters and/or laws and regulations relating to commercial wrong-doing;

5.43. Actions in connection with the negotiations, execution, delivery and performance of agreements on behalf of the Company and its Subsidiaries and/or Affiliates, whether written or oral;

5.44. Any claim or demand made under any securities laws or by reference thereto, or related to the failure to disclose any information in the manner or time such information is required to be disclosed pursuant to such laws, or related to inadequate or improper disclosure of information to shareholders, or prospective shareholders, or related to the purchase, holding or disposition of securities of the Company and its Subsidiaries and/or Affiliates or any other investment activity involving or effected by such securities, including, for the removal of doubt, any offering of the Company and its Subsidiaries and/or Affiliate's securities to private investors or to the public, and listing of such securities, or the offer by the Company and its Subsidiaries and/or Affiliates to purchase securities from the public or from private investors or other holders, and any undertakings, representations, warranties and other obligations related to any such offering, listing or offer or to the Company and its Subsidiaries and/or Affiliate's status as a public company or as an issuer of securities;

5.45. Any claim or demand made directly or indirectly in connection with complete or partial failure, by the Company and its Subsidiaries and/or Affiliates, or their respective directors, officers and employees, to pay, report, keep applicable records or otherwise, any state, municipal or foreign taxes or other mandatory payments of any nature whatsoever, including, without limitation, income, sales, use, transfer, excise, value added, registration, severance, stamp, occupation, customs, duties, real property, personal property, capital stock, social security, unemployment, disability, payroll or employee withholding or other withholding, including any interest, penalty or addition thereto, whether disputed or not; and

5.46. Claims by any third party suffering any personal injury and/or bodily injury and/or property damage to business or personal property through any act or omission attributed to the Company and its Subsidiaries and/or Affiliates, or its employees, agents or other persons acting or allegedly acting on their behalf.

5.47. Violations of the Company and/or any Subsidiary and/or an Affiliate of any laws, acts, regulations and rules including without limitation:

(a) The Israeli Income Tax Ordinance (new version), 5721-1961, and all resolutions and/or actions and/or defaults relating to any tax law, including without limitation all payments, monetary transfers, receipts, the sale or acquisition of any assets and all other financial

actions made between the Company and its Subsidiaries and/or Affiliates and third parties including inter-company transactions and the filing requirement relating to such actions;

(b) The Anti Money Laundering Act, 5760-2000, and all resolutions and/or actions and/or defaults relating to any related law, including without limitation all payments, monetary transfers, receipts, the sale or acquisition of any assets and all other financial actions made between the Company and its Subsidiaries and/or Affiliates and third parties including inter-company transactions and the filing requirement relating to such actions;

(c) The Securities Law and all resolutions and/or actions and/or defaults relating to any securities law, including without limitation, the disclosure of or the failure to disclose any information to any third parties including to any securities holders of the Company and its Subsidiaries and/or Affiliates related to any sale, acquisition, issuance, distribution and any other similar action pertaining to the Company and its Subsidiaries and/or Affiliate's securities including any public offering, private offering and all other offers related to the sale, purchase and acquisition of the Company and its Subsidiaries and/or Affiliate's securities; and

5.48. Representations and warranties made in good faith in connection with the business of the Company or any Subsidiary or an Affiliates;

5.49. Claims relating to the Company and its Subsidiaries and/or Affiliate's financial reports and tax returns, including the preparation thereof; and

5.50. Any of the above taken, relating or otherwise applicable to any Subsidiary or an Affiliate.

6. The indemnification that the Company undertakes towards all persons and legal entities whom it has resolved to indemnify for the matters and in the circumstances described herein, jointly and in the aggregate, shall be the greater of : (i) $50 (fifty million] U.S. Dollars); or (ii) an amount equal to the Company's shareholders equity, based on the Company's most recent financial statements before the date on which the payment is to be made (the "**Maximum Amount**"), provided, that if such amount is found insufficient to cover all amounts to which such persons and legal entities are entitled to, the abovementioned amount shall be allocated to such persons and legal entities pro rata to the amounts to which they are so entitled.

7. The Company will not indemnify you for any liability with respect to which you have received payment by virtue of an insurance policy or another indemnification agreement other than for amounts which are in excess of the amounts actually paid to you pursuant to any such insurance policy or other indemnity agreement (including deductible amounts not covered by insurance policies), within the limits set forth in Section 6 above. If you are entitled under any provision of this Indemnification Letter to indemnification by the Company for some or a portion of the expenses actually or reasonably incurred by you, but not, however, for the total amount thereof, the Company shall nevertheless indemnify you for the portion of such expenses to which you are entitled.

8. Subject to the provisions of Sections 1 to 7 above, the indemnification provided for hereunder will, in each case, cover all sums of money that you will be obligated to pay, in those circumstances for which indemnification is permitted under the law and under this Indemnification Letter.

You shall be covered by the Company's directors and officers insurance policy, in effect from time to time (the "**D&O Policy**") and any other insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Company. Subject to the mandatory limitations under applicable law, you shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee, agent or fiduciary under such policy or policies. At the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company

shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on your behalf, all amounts payable as a result of such proceeding in accordance with the terms of such policies. The Company hereby undertakes to notify you thirty (30) days prior to the expiration or termination of any such D&O Policy. Notwithstanding the generality of the foregoing and except as set forth herein, the indemnification amount actually paid shall be limited to those amounts not covered by the D&O Policy, such that you will not be entitled to payment from the Company for amounts which you have actually obtained under the D&O Policy.

9. The Company hereby acknowledges that you have now or may have in the future certain rights to indemnification, advancement of expenses and/or insurance provided by third parties, including without limitation any investor in the Company's shares on behalf of which you serve as a director in the Company (the "**Third Party Indemnitor**"), and the Company hereby agrees: (a) that the Company is the indemnitor of first resort (i.e., its obligations to you are primary and any obligation of any Third Party Indemnitor to advance expenses or to provide indemnification for the same expenses or liabilities incurred by you are secondary), and (b) that it irrevocably waives, relinquishes and releases any Third Party Indemnitor from any and all claims against any Third Party Indemnitor for contribution, subrogation or any other recovery of any kind in respect of the subject matters of this Indemnification Letter. Without altering or expanding any of the Company's indemnification obligations hereunder, the Company further agrees that no advancement or payment by any Third Party Indemnitor on your behalf with respect to any claim for which you have sought indemnification from the Company shall affect the foregoing, and any Third Party Indemnitor shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of yours against the Company. The Company and you agree that the Third Party Indemnitors are express third party beneficiaries of the terms of this Section 9.

10. To the extent the Company has made any payment to you under this Indemnification Letter, you agree to reimburse the Company to the extent: (i) you receive or collect any amounts from a Third Party Indemnitor in connection with liabilities indemnified for hereunder, including, but not limited to, any insurance policy or another indemnification agreement, or (ii) a final determination of non-indemnification shall be given by a court of competent jurisdiction as detailed in Section 2 above.

11. The Company will be entitled to any amount collected from a third party in connection with liabilities indemnified hereunder to be paid by you to the Company within fifteen (15) days following the receipt of the said amount.

12. In all indemnifiable circumstances, indemnification will be subject to the following:

12.1. You shall promptly notify the Company in writing of any legal proceedings initiated against you and of all possible or threatened legal proceedings for which you may seek indemnification hereunder, without delay following your first becoming aware thereof, provided, however, that your failure to notify the Company as aforesaid shall not derogate from your right to be indemnified as provided herein, except and to the extent that such failure to provide notice materially and adversely prejudices the Company's ability to defend against such action. You shall deliver to the Company, or to such person as it shall advise you, without delay all documents you receive in connection with these proceedings or possible or threatened proceedings. Similarly, you hereby commit to advise the Company on an ongoing and current basis concerning all events which you suspect may give rise to the initiation of legal proceedings against yourself in connection with your actions or omissions as an Office Holder of the Company or any Subsidiary, however, your failure to notify the Company as aforesaid shall not derogate from your right to be indemnified as provided herein except to the extent that such failure to notify causes the Company damages.

12.2. Other than with respect to proceedings that have been initiated against you by the Company or in its name or by you against the Company in order to assert, interpret or enforce your rights hereunder, the Company subject to your prior consent, which will not be unreasonably withheld, shall be entitled to undertake the conduct of your defense in respect of such legal proceedings and/or to hand over the conduct thereof to any attorney which the Company may choose for that purpose. The Company shall notify you of any such decision to defend within seven (7) days of receipt of notice of any such proceeding.

12.3. The Company shall be entitled, within the context of the conduct as aforesaid, to conclude such proceedings, all as it shall see fit, including by way of settlement. At the request of the Company, you shall execute all documents required to enable the Company to conduct your defense in your name, and to represent you in all matters connected therewith, in accordance with the aforesaid.

12.4. For the avoidance of doubt, in the case of criminal proceedings the Company will not have the right to plead guilty in your name or to agree to a plea-bargain in your name without your written consent. Furthermore, in a civil proceeding (whether before a court or as a part of a compromise arrangement), the Company will not have the right to admit to any occurrences that are not fully indemnifiable pursuant to this Indemnification Letter and/or pursuant to law, or admit any wrongdoing on your behalf, without your written consent. However, the aforesaid will not prevent the Company, to come to a financial arrangement with a plaintiff in a civil proceeding without your consent so long as such arrangement will not be an admittance of an occurrence not fully indemnifiable pursuant to this Indemnification Letter or pursuant to law and further provided that any such settlement or arrangement does not impose on you any liability or limitation. The Company shall not, without your prior written consent, consent to the entry of any judgment against you or enter into any settlement or compromise which (i) includes an admission of your fault, (ii) does not include, as an unconditional term thereof, the full release of you from all liability in respect of such proceeding or (iii) is not fully indemnifiable pursuant to this Indemnification Letter and pursuant to law.

12.5. Notwithstanding the above, (i) if in a proceeding to which you are a party by reason of your status as a director or officer of the Company and the named parties to any such proceeding include both you and the Company or any subsidiary of the Company, a conflict of interest or potential conflict of interest (including the availability to the Company and its subsidiary, on the one hand, and you, on the other hand, of different or inconsistent defenses or counterclaims) exists between you and the Company, or (ii) if the Company fails to assume the defense of such proceeding in a timely manner, you shall be entitled to be represented by separate legal counsel, which shall represent other persons similarly situated, of the Company's choice (if the Company selects such counsel in a timely manner) and reasonably acceptable to you and other person's choice, at the expense of the Company. In addition, if the Company fails to comply with any of its material obligations under this Letter of Indemnification, or in the event that the Company or any other person takes any action to declare this Letter of Indemnification void or unenforceable, or institutes any action, suit or proceeding to deny or to recover from you the benefits intended to be provided to you hereunder, except with respect to such actions, suits or proceedings brought by the Company that are resolved in favor of the Company, you shall have the right to retain counsel of your choice, and reasonably acceptable to the Company and at the expense of the Company, to represent you in connection with any such matter.

12.6. In the event that you make a request for payment of an amount of indemnification hereunder or a request for an advancement of indemnification expenses hereunder and the Company fails to determine your right to indemnification hereunder or fails to make such payment or advancement within a reasonably timely manner, you may file a petition with any court which has jurisdiction to enforce the Company's obligations hereunder. The Company agrees to reimburse you in full for any reasonable expenses incurred by you in connection with investigating, preparing for, litigating, defending or settling any action brought by you under the immediately preceding sentence, provided that the applicable court resolved in favor of you in such claims.

12.7. You will fully cooperate with the Company and/or any attorney as aforesaid as is reasonably required of you within the context of their conduct of such legal proceedings, including but not limited to the execution of power(s) of attorney and other relevant documents, provided that the Company shall cover all costs incidental thereto such that you will not be required to pay the same or to finance the same yourself.

12.8. If, in accordance with Section 12.2, the Company has taken upon itself the conduct of your defense, the Company will have no liability or obligation pursuant to this Indemnification Letter or the above resolutions to indemnify you for any reasonable expenses, including any legal fees, that you may expend in connection with your defense, unless (i) the Company shall not have assumed the conduct of your defense as contemplated in a timely manner (but in any event not later than thirty (30) days from your written request), (ii) the Company refers the conduct of your defense to an attorney who is not, upon reasonable grounds, acceptable to you, (iii) the named parties to any such action (including any impleaded parties) include both you and the Company, and in the Company's legal counsel's opinion, joint representation is inappropriate under applicable standards of professional conduct due to a conflict of interest between you and the Company, or (iv) the Company shall agree to such expenses in writing, in either of which events you shall be entitled to be represented by separate legal counsel and reasonable fees and expenses of your counsel shall be borne by the Company. In addition, if the Company fails to comply with any of its material obligations under this Indemnification Letter, or in the event that the Company or any other person takes any action to declare this Indemnification Letter void or unenforceable, or institutes any action, suit or proceeding to deny or to recover from you the benefits intended to be provided to you hereunder, except with respect to such actions, suits or proceedings brought by the Company that are resolved in favor of the Company, you shall have the right to retain counsel of your choice, and reasonably acceptable to the Company and at the expense of the Company, to represent you in connection with any such matter.

12.9. Except as required pursuant to applicable law, judicial order, regulation or any legal or regulatory proceedings, neither the Company nor any of its agents, employees, directors or officers shall make any statement to the public or to any other person regarding any settlement of claims made pursuant to this Indemnification Letter against you that would in any manner be reasonably be expected to cast any negative light, inference or aspersion against you.

12.10. The Company will have no liability or obligation pursuant to this Indemnification Letter to indemnify you for any amount expended by you pursuant to any compromise or settlement agreement reached in any suit, demand or other proceeding as aforesaid without the Company's prior written consent to such compromise or settlement, such consent not to be unreasonably withheld or delayed.

13. The Company hereby exempts you as well as releases you, in advance, to the fullest extent permitted by law, from any liability for damages caused as a result of a breach of your duty of care to the Company, provided that you shall not be exempt with respect to any action or omission as to which, under applicable law, the Company is not entitled to exculpate you.

14. If for the validation of any of the undertakings in this Indemnification Letter any act, resolution, approval or other procedure is required, the Company undertakes to cause them to be done or adopted in a manner which will enable the Company to fulfill all its undertakings as aforesaid.

15. Your rights of indemnification hereunder shall not be deemed exclusive of any other rights you may have under the Company's Articles of Association, applicable law, any agreement or otherwise.

16. If any undertaking included in this Indemnification Letter is held invalid or unenforceable, such invalidity or unenforceability will not affect any of the other undertakings which will remain in full force and effect. Furthermore, if such invalid or unenforceable undertaking may be modified or

amended so as to be valid and enforceable as a matter of law, such undertaking will be deemed to have been modified or amended, and any competent court or arbitrator are hereby authorized to modify or amend such undertaking, so as to be valid and enforceable to the maximum extent permitted by law. Without derogating from the above, In the event of any change, after the date of this Indemnification Letter, in any applicable law, statute or rule which expands or limits the right of an Israeli company to indemnify its office holders, such changes shall be, ipso facto, within the purview of your rights and the Company's obligations, under this Indemnification Letter.

17. This Indemnification Letter and the agreements herein shall be governed by and construed and enforced in accordance with the laws of the State of Israel and the competent courts of Tel-Aviv shall have exclusive jurisdiction over any dispute arising between the parties with respect of this Indemnification Letter.

18. The Company undertakes that to the extent that the Company, in any time in the future, shall grant broader indemnification undertakings to any Office Holders of the Company, such broader indemnification undertakings shall apply to you as well, whether or not a new indemnification agreement is in effect granted to you.

19. Neither the settlement nor termination of any proceeding nor the failure of the Company to award indemnification or to determine that indemnification is payable shall create an adverse presumption that you are not entitled to indemnification hereunder. In addition, the termination of any proceeding by judgment or order (unless such judgment or order provides so specifically) or settlement, shall not create a presumption that you did not act in good faith and in a manner which you reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal action or proceeding, had reasonable cause to believe that your action was unlawful.

20. No waiver of any of the provisions of this Indemnification Letter shall be deemed or shall constitute a waiver of any other provisions of this Indemnification Letter (whether or not similar), nor shall such waiver constitute a continuing waiver. Any waiver shall be in writing.

21. This Indemnification Letter constitutes the entire agreement between the parties with respect to its subject matter, and supersedes and cancels all prior agreements, proposals, representations and communications between the parties regarding the subject matter hereof. Notwithstanding the foregoing or anything herein to the contrary, your rights hereunder shall not be deemed exclusive of any other rights you may have under the Company's Articles of Association, applicable law or otherwise.

22. No amendment, modification, termination or cancellation of this Indemnification Letter shall be effective unless it is in writing and signed by the parties hereto.

23. This Indemnification Letter shall inure to your benefit and to the benefit of your heirs, spouses, personal and legal representatives, executors and administrators and assigns and shall be binding upon the Company, its successors and assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company. This Indemnification Letter shall continue for your benefit and your heirs', spouses, personal and legal representatives', executors' and administrators' benefit after you cease to be an Office Holder of the Company.

24. All notices and other communications required or permitted hereunder shall be in writing, shall be effective when given and shall in any event be deemed to be given:

24.1. When actually tendered, if hand delivered, or

24.2. Five (5) business days if sent internationally after deposit with the applicable postal service; or

24.3. If sent by facsimile or electronic mail, twenty four (24) hours after it has been transmitted provided that sender has obtained confirmation of transmission from the transmitting facsimile or electronic mail system. All notices and other communications required or permitted hereunder shall be addressed if to you, at your address as set forth beneath your signature to this Indemnification Letter and if to the Company, at the address of its principal corporate offices or at such other address as such party may designate by ten (10) days' advance written notice to the other party hereto. For the removal of any doubt, a notice that is defectively addressed or that otherwise fails to comply with the provisions of this Section 23 shall nevertheless be deemed to have been served if and when actually received by the addressee.

Kindly sign and return the enclosed copy of this letter to acknowledge your agreement to the contents hereof.

Very truly yours,

Entera Bio Ltd.

Accepted and agreed to:

_____

Name:

Address:

Date:

Exhibit 10.13

THIS CONVERTIBLE PROMISSORY NOTE AND LOAN AGREEMENT AND THE SHARES ISSUABLE UPON CONVERSION HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THESE SHARES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT.

ENTERA BIO LTD.
FORM OF CONVERTIBLE PROMISSORY NOTE AND LOAN AGREEMENT
(THE "NOTE")

$[___] Issue Date: June 14, 2016

This Convertible Promissory Note and Loan Agreement is made and entered into as of June 14, 2016 by and between Entera Bio Ltd., a company organized under the laws of the State of Israel (the "**Company**"), and [_____] (the "**Lender**"), and is one of a series of Convertible Promissory Note and Loan Agreements entered into as of the date hereof by the Company and the other parties thereto (such other parties together with the Lender, the "**Lender Group**"), totaling an aggregate amount of $5.5 million (and together with the Corundum Note an aggregate amount of $6.5 million). Commencing from the date of the Closing and until 90 days from the date of the Closing, the Company may raise an additional amount of up to 0.5 million, in one or more additional closing(s), under the terms of this Convertible Promissory Note from certain lenders, as shall be determined at the sole discretion of the Board.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. The Loan. Subject to the terms and conditions of this Agreement, at the Closing (as defined below), the Lender shall lend (the "**Loan**") to the Company the aggregate principal amount of [___] (the "Principal Amount"). Subject to the fulfillment or waiver of the conditions set forth in Section 10 hereof, the closing of the Loan ("**Closing**") shall take place simultaneously upon the execution and delivery by the Lender and the Company of this Note. The Lender shall pay the Principal Amount to the Company, by wire transfer to the Company's bank account designated by the Company to the Lender. The Principal Amount together with all accrued interest (together, the "Loan Obligations") shall be pari passu to all principal and other amounts outstanding under those certain (i) Convertible Financing Agreements entered into by the Company with the other parties thereto (cumulatively, the "Convertible Financing Agreements") in the total principal amounts of $1.15 million as described in Note 7 to the Company's financial statements for the fiscal year ended December 31, 2014, (ii) Convertible Promissory Note and Loan Agreement entered into by the Company with the other parties thereto in the total principal amounts of $2.005 million dated August 5, 2015 (the "**Original Convertible Notes**") and (iii) the Convertible Promissory Note and Loan Agreements entered into by the Company and Corundum Open Innovation Fund, L.P. ("**Corundum**"), dated as of the date hereof (the "**Corundum Note**", and together with the Convertible Financing Agreements and the Original Convertible Notes, the "**Prior Notes**").

At the execution of this Agreement, the Company shall deliver to the Lender (i)

(i) a copy of the resolution of the Company's board of directors ("**Board**"), duly approving this Agreement, the Warrant and all the transactions contemplated hereby; (ii) a copy of the resolution of the shareholders of the Company (x) duly approving the transactions contemplated hereby; (y) amending Article 38(i) of the Fourth Amended Articles of Association such that the Board will include one additional director to be nominated by Pontifax, on behalf of the Lender Group as long as the Loan Obligations have not been converted or repaid in full pursuant to the terms of this Note, provided that following the conversion of this Note into equity securities of the Company in accordance with the terms of this Note, the Lender Group shall be entitled to appoint one director for so long as it holds one percent (1%) or more of the issued and outstanding share capital of the Company on a fully-diluted and as-converted basis. The abovementioned right to appoint a director shall terminate immediately prior to and subject to the closing of the IPO by the Company. In the event of any 30 day uncured default of payment by the Company under the terms of this Note or any of the Prior Notes, then the holders of a majority of principal amounts of the Lender Group shall be entitled to nominate, upon written notice to the Company, that number of Board members to the Board of Directors of the Company determined by multiplying the total number of Board members by a fraction, the numerator of which shall be the aggregate principal amount of the Lender Group Notes then outstanding and the denominator of which shall equal the aggregate principal amount of the Lender Group then outstanding plus the principal amount of the Prior Notes then outstanding; (iii) confirmation by the Company's CEO that the Company has executed (a) identical convertible promissory notes (including this Note) with the Lender Group in the aggregate amount equal to $5.5 million or more, and (b) the Corundum Note with Corundum in the aggregate amount of 1.0 million; and (iv) establishment of an escrow account to be used for the repayment in full of the outstanding principal amount plus any interest owed at maturity under the Original Convertible Notes (the "Escrowed Funds"). The Company may convert any or the entire outstanding amounts under the Original Convertible Notes (which for the avoidance of doubt, shall include the interest accrued thereon as of such time) into the Lender Group Notes at the Closing or for a period of 15 days following the Closing and the amount of Escrowed Funds will be reduced by the amount of such Original Convertible Notes that convert into Lender Group Notes with such reduced amount released to the Company for general corporate purpose use.

2. Interest. Interest shall accrue on the Principal Amount from the Issue Date through the Maturity Date at the rate of five percent (5%) per annum. Interest shall be calculated on the basis of the actual number of days elapsed over a 365-day year. The Loan shall be subject to the היתר עסקה publicized on http://www.keter.org.il/.

3. Maturity Date. Unless earlier converted pursuant to Sections 4 or 5 below, the Loan Obligations shall be due and payable in full on December 14, 2017 ("**Maturity Date**"), provided, however, that upon the earlier to occur of (i) maturity of the Original Convertible Notes where the Company is using any of the Company's funds in excess of the Escrowed Funds for the payment of principal and interest on the Original Convertible Notes; or (ii) acceleration of any of the Original Convertible Notes including as a result of the occurrence of an event of default pursuant to their terms or trigger of an "Insolvency Event" (as defined below), the Loan Obligations shall become immediately due and payable in full and shall be pari passu to all principal and other amounts outstanding under the Convertible Financing Agreements, the Original Convertible Notes and the Corundum Note.

4. Conversion. (a) The Loan Obligations shall be converted as described in Sections 4(i) or 4(ii) below.

(i) Conversion upon Triggering Event. The Note shall be automatically converted, with no further action required on the part of the Lender, immediately prior to the consummation of:

(1) a Qualified Financing or a QIPO (each as defined below) occurring prior to the Maturity Date into that type (or types) and number of (i) equity securities of the most senior class and/or (ii) securities convertible into equity securities issued by the Company or sold by the shareholders of the Company in the Triggering Event (the "**Applicable Securities**") (including any warrants or other securities convertible into Applicable Securities) equal to the Loan Obligations divided by the lesser of (i) in the case of a Triggering Event - the applicable price per share in the Triggering Event or in the case of a Voluntary Conversion - the applicable price per share in the Voluntary Conversion (as applicable for the conversion of the Loan Obligations in the event of a Voluntary Conversion in accordance with section 4(ii) below) multiplied by 0.75 (the "**Discount**") or (ii) the price per share of such securities calculated at a valuation of the Company that on a fully diluted basis is equal to $65.0 million (the lower of the two referred to herein as the "**Adjusted Valuation**"); or

(2) a Change of Control (as defined below) occurring prior to the Maturity Date into the same type and amount of consideration that would be received upon the consummation of such Change of Control (or upon the distribution of the proceeds of such Change of Control that is an asset transaction) by a holder of Applicable Securities, had the Loan Obligations been converted into Applicable Securities immediately prior to the Change of Control at the Adjusted Valuation.

For purposes of this Note: "Triggering Event" means the consummation of the first to occur of a Change of Control, Qualified Financing or QIPO, occurring following the date of this Note;

"Change of Control" means any (i) acquisition of the Company by another person or group of persons by means of any transaction or series of related transactions (including, without limitation, any share acquisition, reorganization, merger or consolidation), other than a transaction or series of transactions in which the holders of the voting shares of the Company outstanding immediately prior to such transaction continue to retain (either by such voting shares remaining outstanding or by such voting shares being converted into voting shares of the surviving entity), as a result of shares in the Company held by such holders prior to such transactions, in substantially the same proportions, at least fifty percent (50%) of the total voting power represented by the voting shares of the Company or such surviving entity outstanding immediately after such transaction or series of transactions, or (ii) sale, lease or other conveyance of all or substantially all of the assets of the Company other than to a company in which the holders of the shares hold, in substantially the same proportions, at least fifty percent (50%) of the total voting power represented by the voting shares of the Company;

"Qualified Financing" means a private placement or series of private placements (under the same terms and provided all such placements occur within a six month period) of equity securities of the Company, or securities convertible into equity securities of the Company, in an aggregate amount of no less than $10.0 million not including issuances of securities, the conversion of securities, or private placements, in any such case pursuant to agreements in effect on the date hereof; and

(3) "QIPO" means the initial underwritten public offering on a firm commitment basis pursuant to a registration statement filed with the Securities and Exchange Commission under the Act pursuant to which the Company's Ordinary Shares shall be listed for trading on the NASDAQ or AMEX and in which the aggregate proceeds (before deduction of underwriters' discounts and commissions) equals or exceeds $20.0 million.

(ii) Voluntary Conversion

Notwithstanding any other provision of this Note, at any time following the date hereof until such time as the then-outstanding Loan Obligations have been paid by the Company in full (including at any time after 30 days following the failure to make all payments of principal and interest at the Maturity Date as part of the investment round contemplated below), the Lender has the right, in its sole discretion, but not the obligation, to choose to convert the Loan Obligations into the most senior class of securities of the Company to be issued as part of an investment or series of investments of between $4 million and $10 million (including the right to acquire any convertible securities that were acquired by the holders of such securities upon acquisition of such securities) with identical rights and preferences, at a conversion price per share equal to the price per share of such securities calculated assuming a valuation of the Company (on a fully diluted basis) equal to the Adjusted Valuation (such conversion, the "**Voluntary Conversion**").

(b) Investors Rights Agreement. Upon conversion of the Note, the Lender shall execute a joinder to the Amended and Restated Investors' Rights Agreement among the Company and the other parties thereto, as the same may be amended from time to time, as though an original party thereto and shall be bound by all of the terms and conditions thereof, including but not limited to Section 2.10 (Lock-Up) thereof.

(c) Mechanics. The person or persons in whose name(s) any certificate(s) representing all shares of the Company issued or acquired upon conversion of this Note

(collectively, the "**Securities**") shall be deemed to have become the holder(s) of record of, and shall be treated for all purposes as the record holder(s) of, the Securities represented thereby (and such Securities shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Note is converted, and certificates for such Securities shall be delivered to the Lender as soon as possible and in any event within thirty (30) days after such conversion.

(d) No Fractional Shares. No fractional shares will be issued in connection with any conversion hereunder, but in lieu of such fractional shares the Company shall round up or down to the nearest whole number of shares (in the event any such fraction is equal to one-half (1/2), the Company shall round up to the nearest whole number) and issue such whole number of shares.

(e) The Securities shall be of the same class or series and shall have the same applicable rights and preferences as the most senior class of shares issued by the Company to the investors in the Triggering Event or acquired by the Lender upon Voluntary Conversion, as applicable ("**Senior**

Shares"), including without limitation, liquidation preference, anti-dilution protection, registration rights, preemptive rights, right of first refusal, voting and other rights, pro-rata to the respective amounts of investment but excluding veto rights, and in the event of a conversion pursuant to Section 4(a)(i) above (provided such rights shall not be deemed to include the warrants issued by the Company prior to the date hereof or any veto rights of Centillion Fund, Inc.) Lender shall otherwise be deemed an investor in such event in which the applicable Senior Shares were issued, for all purposes pro-rata as adjusted for the Discount to the respective amounts of investment (including with respect to any other securities, warrants or other rights issued or provided to such investors). Notwithstanding anything herein to the contrary, the Original Issue Price (as such term is defined in the Company's Fourth Amended and Restated Articles of Association, as amended and as the same may be amended from time to time (the "Articles")) for each of the shares issued and converted pursuant to this Section 4 shall be equal to the price per share paid hereunder by the Lender for such shares.

(f) Notice. Without limiting any other rights the Lender may have under this Agreement, for as long as any part of the Loan remains outstanding, the Company shall deliver prior written notice to the Lender of any contemplated Triggering Event or any financing of the Company, as promptly as possible, but in any event at least ten (10) days prior to the closing of such transaction, specifying the terms and conditions of such transaction ("**Transaction Notice**").

(g) In the event that on or prior to the Maturity Date or the date of conversion pursuant to this Section 4, the Company shall grant any lender preferential rights, then this Note shall be automatically amended to include such preferential rights.

5. No Prepayment. Upon the written consent of Pontifax (Israel) IV Fund L.P.; Pontifax (Cayman) IV Fund L.P.; and Pontifax (China) Fund L.P. (collectively, "**Pontifax**") and the Company, the Company shall be entitled to prepay the Loan Obligations prior to the earlier of (i) the conversion of the Note pursuant to Section 4 above; or (ii) the Maturity Date.

6. Default. Subject to Section 3 above, in the event that any of the events specified in this Section 6 (each an "**Event of Default**") shall occur prior to the conversion of this Note or the repayment of the Principal Amount and all accrued interest, all Loan Obligations shall become immediately due and payable prior, and the Loan Obligations shall be pari passu to any other payments, debts or distributions due from the Company under the Prior Notes:

(a) The Company shall fail to perform any material obligation or undertaking of the Company under this Note and such failure shall continue to uncured for a period of ten (10) business days following receipt of notice from the Lender; or

(b) (i) The Company files a petition for voluntary dissolution or seeking any reorganization (excluding the Reincorporation, as such term is defined below), arrangement, composition or any other similar relief under any law regarding insolvency or relief of debtors,

(ii) any involuntary liquidation or dissolution proceedings or acts of bankruptcy are instituted against the Company, and such actions are not stayed, enjoined, or discharged within sixty (60) days from their commencement, (iii) a receiver, trustee, or similar officer is appointed for the business or a significant part of the property of the Company, and such appointments are not stayed, enjoined, or discharged within sixty (60) days from their commencement, (iv) the Company makes a general assignment for the benefit of its creditors, (v) the Company adopts a resolution for discontinuance of its business or for its liquidation, dissolution or winding-up, or (vi) the Company admits in writing that it is generally unable to pay its debts as they become due (any of (i) through (vi) above, an "**Insolvency Event**").

Immediately upon the occurrence of any such Event of Default, the Company shall notify the Lender of such Event of Default setting forth the details of such Event of Default.

7. Warrant; Right to Purchase Additional Shares of the Company. Upon execution of this Note, the Company shall issue to the Lender a warrant to purchase shares of the Company, on the terms and conditions set forth in the warrant agreement in the form attached hereto as **Schedule A** (the "**Warrant**"). In addition, the Lender shall be entitled to invest up to $[___] in the next share issuance by the Company (provided that the Company and the Lender may mutually agree on a greater amount).

8. Representations and Warranties of the Company. The Company represents and warrants to the Lender that:

(b) Organization. The Company is duly organized and validly existing under the laws of the State of Israel, and has full corporate power and authority to own, lease and operate its properties and assets and to conduct its business as now being conducted and as presently proposed to be conducted and the Company is not in material default under any permit to do business. The Company has all requisite power and authority to execute and deliver this Note and to consummate the transactions and perform its obligations contemplated hereby.

(c) Authority. The authorization, execution, delivery and performance by the Company of this Note and the Warrant and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action.

(d) Enforceability. The Note and the Warrant have been duly executed and delivered by the Company and, assuming the execution and delivery of this Note and the Warrant by the Lender, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws

of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

(e) Non-Contravention. The Company is not in violation or default of any term of the Articles, of any provision of any mortgage, indenture, agreement, instrument or contract to which it is party or by which it is bound or to its knowledge of any judgment, decree, order or writ. The execution and delivery by the Company of this Note and the Warrant and the performance and consummation of the transactions contemplated hereby do not and will not (i) violate the Articles or any material judgment, order, writ, decree, law, statute, rule or regulation applicable to the Company; (ii) violate any provision of, or result in the breach or the acceleration of, or entitle any other person to accelerate (whether after the giving of notice or lapse of time or both), any material mortgage, indenture, agreement, instrument or contract to which the Company is a party or by which it or any of its property is bound; or (iii) result in the creation or imposition of any Lien (as defined herein) upon any material property, asset or revenue of the Company or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization or approval applicable to the Company, its business or operations, or any of its material assets or properties. "Lien" shall mean, with respect to any property, any security interest, mortgage, pledge, lien, claim, charge or other encumbrance in, of, or on such property or the income therefrom.

(f) Approvals. No consent, approval, order, license, permit, action by, or authorization of, or designation or declaration with any governmental authority or other person (including, without limitation, the shareholders of any person) is required in connection with the execution and delivery of

this Note and the Warrant executed by the Company and the performance and consummation of the transactions contemplated hereby (including the issuance of Securities upon conversion of the Loan Obligations and/or upon execution of the Warrant, other than the execution by the Lender of the undertaking to the Office of the Chief Scientist of the Ministry of Industry, Trade and Labor, If required according to the provisions of the Israeli Encouragement of Research and Development in Industry Law 5744-1984).

(g) Shares. The registered and authorized share capital of the Company as of the Issue Date is one million (1,000,000) Ordinary Shares and twenty-five thousand (25,000) Series A Preferred Shares. **Schedule 8(g)-1** contains a true and correct description of the identity of each holder of shares and other securities of the Company, including the number of such shares and securities held thereby, the "**Capitalization Table**"). Except as set forth in the Capitalization Table and except as set forth on **Schedule 8(g)-2** attached hereto, there are no other share capital, outstanding preemptive rights, convertible securities, warrants, options or other rights to subscribe for, purchase or acquire from the Company (or to the knowledge of the Company, from any shareholder of the Company) any share capital of the Company, and there are no contracts or binding commitments providing for the issuance of, or the granting of rights to acquire, any share capital of the Company or under which the Company is obligated to issue, sell, transfer or otherwise cause to be issued, sold, transferred or otherwise any of the Company's securities. All issued and outstanding share capital of the Company has been duly authorized in compliance with all applicable laws, and is validly issued and outstanding and fully paid and nonassessable.

(h) Litigation. There is no action, proceeding, claim, or (to the knowledge of the Company) governmental inquiry or investigation pending or threatened against the Company or

any of its officers, directors, or employees (in their capacity as such), or against any of the Company's properties and to the Company's knowledge there is no basis for any such claim. There is no action, suit, proceeding or investigation by the Company pending or which the Company intends to initiate.

(i) Financial Statements. The Company's audited financial statements as of December 31, 2014 and audited financial reports as of December 31, 2015 are attached hereto as **Schedule 8(o)** (together, the "**Financial Statements**"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applied on a consistent basis throughout the periods indicated. The Financial Statements fairly present in all material respects the Company's financial condition for the periods indicated. Except as set forth in the Financial Statements, the Company has no material liabilities or obligations, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to December 31, 2015 (including, but not limited to, the Corundum Note, (ii) obligations under contracts and commitments incurred in the ordinary course of business, (iii) liabilities and obligations of a type or nature not required under IFRS to be reflected in the Financial Statements, or (iv) as set forth in Schedule 8(o)(2).

(j) Taxes. As of the date hereof the Company has no outstanding liability for taxes, except for taxes the payment of which is not yet due or for which the Company has made adequate and sufficient provisions in its financial statements.

(k) Intellectual Property.

i. Except as set forth on Schedule 8(k), the Company is the sole owner of the entire right, title and interest in and to, and has developed, or has obtained the right to use, free and clear of all Third Party Rights, all Intellectual Property (as defined below), used in the conduct of its business as now conducted and as currently proposed to be conducted, without (to the knowledge of the Company) infringing upon or violating any third party right of others. Schedule 8(k) lists the patents and provisional patents owned or used by the Company in its business as currently conducted and all patent applications filed by the Company. To the Company's best knowledge, there are no claims or demands pending by any other person pertaining to any of such Intellectual Property nor is there a claim or demand threatened, and no proceedings have been instituted or threatened which challenge the rights of the Company with respect to such Intellectual Property and the Company does not believe there is any reasonable basis for such claim.

ii. Each of the Company's current and former employees, who, either alone or in concert with others, developed, invented, discovered, derived, programmed or designed the Intellectual Property or who have knowledge of or access to information about the Intellectual Property, has entered into a written agreement with the Company, assigning to the Company all

rights in intellectual property developed in the course of their employment by or consultancy to the Company.

iii. The Company has not violated or by conducting its business as conducted or currently proposed to be conducted, would not violate, any of the patents, trademarks, service marks, trade names, copyrights or trade secrets or other proprietary rights of any other person or entity and (to the knowledge of the Company) no person or entity is engaging in any activity that infringes or violates the Company's Intellectual Property. No action, suit, proceeding, hearing, investigation (to the Company's knowledge), charge, complaint, or demand is pending which challenges the legality, validity, enforceability, use, or ownership of any of the Intellectual Property and the Company was not served with any written notice relating to the intention of any party to commence such actions.

iv. As used in this Note, the term "Intellectual Property" shall mean (1) inventions (whether or not patentable), trade secrets, technical data, databases, customer lists, designs, tools, methods, processes, technology, ideas, know-how and other confidential or proprietary information and materials; (2) trademarks and service marks (whether or not registered), applications for trademarks and service marks, trade names, logos, trade dress and other proprietary indicia and all goodwill associated therewith;

(3) documentation, specifications, mask works, drawings, graphics, databases, recordings and other works of authorship, whether or not protected by copyright; (4) source code, object code, data and operating files, user manuals, documentation, flow charts, algorithms, compilers, development tools, maintenance records and other materials related to computer programs; (5) internet web-sites and domain names; and (6) all forms of legal rights and protections that may be obtained for, or may pertain to, the Intellectual

Property set forth in clauses (1) through (5) in any country of the world, including, without limitation, all letters patent, patent applications, provisional patents, design patents, PCT filings and other rights to inventions or designs, all registered and unregistered copyrights in both published and unpublished works, trade secret rights, mask works, moral rights or other literary property or authors rights, rights regarding trademarks and other proprietary indicia, and all applications, registrations, issuances, divisions, continuations, renewals, reinsurances and extensions of the foregoing.

(l) Full Disclosure. Neither this Agreement nor any certificate or document made, delivered or made available by the Company in connection herewith (including, without limitation, all such documents made available in the data room made available by the Company to the Lender Group in connection herewith located at

https://www.dropbox.com/sh/9fxi459ipewbi2x/AABkFc06xiUxKStLptLvB1yCa7dH0 and https://www.dropbox.com/sh/qx3wk6uhu0m25d8/AACfKSxsl1ZvKi9WQJbtuc1ha7dH0) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein not misleading. The Lender has the right to rely fully upon the representations, warranties, covenants and agreements of the Company contained in this Section.

9. Representations and Warranties of the Lender.

By the acceptance of this Note, the Lender represents and warrants to the Company that:

(a) The Lender is acquiring this Note and the Warrant for Lender's own account for investment and not with a view to or for sale in connection with any distribution, and all Securities will also be acquired for Lender's own account, for investment and not with a view to, or for sale in connection with any distribution.

(b) The Lender was contacted directly by the Company and/or its representatives regarding engaging in the transactions contemplated by this Note and the Warrant or a similar financing transaction with the Company, and was not initially notified about the Company or a potential transaction with the Company via any public announcement or publication regarding an intended public offering of the Company's securities.

(c) The Lender understands that the Securities and the Warrant may not be sold, transferred, assigned, pledged, or otherwise disposed of unless the Securities or the Warrant (as applicable) are registered under the Act, and all applicable state securities laws or unless exemptions from such registration requirements are available.

(d) The Lender is an experienced investor in securities of companies in an early development stage and acknowledges that it is able to fend for itself, can bear the economic risks of such investment (including the complete loss thereof) and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of this investment. The Lender has been afforded the opportunity to ask questions to officers or other representatives of the Company concerning the business of the Company, and it has reviewed and inspected all of the data and information provided to it by the Company in connection with this Note. The Lender is (i) an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Act and/or (ii) a non-"U.S. person" within the meaning of Rule 902(k) promulgated under the Securities Act (and the Lender is not engaging in the transactions hereunder for the account or benefit of a U.S. Person) and at the time of the offer and sale of the Note and the Warrant the Lender was not located in the United States.

(e) The Lender understands that any permitted successor holder or transferee of the Securities will be required to provide to the Company the representations and warranties contained in this Section 9.

(f) The Lender understands that the Securities and the Warrant have not been, and will not be, registered under the Act, or any state securities law, based on an exemption or exemptions provided thereunder, the availability of which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of such Lender's representations as expressed herein, and will be "restricted securities" within the meaning of Rule 144 promulgated under the Act; and that all stock certificates representing Securities may have affixed thereto a legend substantially in the following form.

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN

REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR UNLESS SUCH TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THE COMPANY MAY REQUIRE AN OPINION OF COUNSEL, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY, TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED IN CONNECTION WITH SUCH TRANSFER.

10. Conditions to the Parties' Obligations. The obligations of the Lender and the Company under this Agreement are subject to the fulfillment of each of the following conditions, at or before the Closing, unless otherwise waived by the parties hereto, as applicable:

(a) Waivers of Pre-emptive Rights. Any pre-emptive or other participation rights of any person other than the Lender to participate in the lending of such Lender's Loan and in the issuances of the Company's Securities upon conversion of the Principal Amount and accrued interest and in the issuance of the Company's Securities upon execution of the Warrant, as may exist pursuant to the Articles or any other agreements between the Company and its shareholders, shall have been properly waived.

(b) Corporate Approvals. The board of directors of the Company shall have approved this Agreement, the Warrants and all the transactions contemplated hereby

(c) Warrant. The executed Warrant shall have been delivered to the Lender.

11. Covenants of the Company. The Company hereby covenants to the Lender that, promptly following the Closing and subject to all applicable law and receipt of all necessary approvals and consents, it shall use its reasonable efforts to reincorporate within a jurisdiction in the United States (the "**Reincorporation**"), which such reincorporation may be effected pursuant to a merger of the Company with an affiliated entity of the Company that is incorporated in the United States following which such affiliated entity would hold all the outstanding shares of the Company, and the Lender agrees to exchange this Note and the Warrant being issued in connection herewith for a note and warrant to be issued on substantially the same terms and conditions hereof and thereof to be issued by the U.S. entity following the Reincorporation.

12. Restrictions on Transfer. This Note and the obligations under this Note may not be assigned by the Company without the prior written consent of the Lender. By acceptance of this Note, the Lender hereby agrees that (i) until the consummation of the IPO, the Lender will not sell, offer for sale, pledge, hypothecate or otherwise transfer "**Transfer**") this Note or the Securities except in accordance with the Articles and (ii) upon and following the consummation of an IPO, absent an effective registration statement filed with the Securities and Exchange Commission under the Act covering the disposition or sale of this Note or the Securities, as the case may be, and registration or qualification under applicable state securities laws, the Lender will not Transfer any or all of this Note or the Securities, as the case may be, unless such Transfer is exempt from the registration requirements of the Act and any applicable state securities laws, and in such event the Company may reasonably require an opinion of counsel, in form and substance reasonably satisfactory to the Company, to the effect that such registration is not required in connection with such transfer except in accordance with the Articles.

13. Shares Fully Paid; Reservation of Securities. All Securities that may be issued upon the conversion of this Note and upon conversion of the Warrant will, upon issuance pursuant to the terms and conditions herein, be fully paid and nonassessable, and free from all preemptive rights and taxes, liens and charges with respect to the issuance thereof. Upon any event in which Securities are issued to the Lender (under this Note and/or under the Warrant), the Company will have authorized and reserved for the purpose of the issue upon conversion of this Note and/or the Warrant, as applicable, a sufficient number of Securities to provide for the conversion of this Note and Warrant and, in the event that the Applicable Securities are convertible preferred shares, a sufficient number of Ordinary Shares of the Company to provide for the conversion of the Applicable Securities into Ordinary Shares of the Company.

14. Taxes; Withholding. Any taxes, fees, levies, duties, surcharges or withholdings of any nature imposed by any governmental authority or third party owed on the interest or the Discount shall be the sole liability and responsibility of the Lender. Notwithstanding the foregoing, any payment by the Company of interest hereunder shall be subject to applicable withholding tax, which shall be withheld and deducted by the Company unless the Company is provided with a certificate evidencing any valid exemption from such deduction or withholding. Any value added tax to be paid by the Company in connection with the transactions hereunder (including but not limited to payment of any interest due hereunder) shall be paid by the Company upon receipt of a valid value added tax invoice.

15. Designation of Observer.

The holder of the then-largest amount of outstanding principal and accrued but unpaid interest among the Original Convertible Notes, the Corundum Note and the Lender Group shall have the right to designate, dismiss and replace one (1) representative (the "Observer"), who (subject to the Observer entering into a confidentiality and non-compete undertaking with the Company) shall be entitled to attend all meetings of the Board in a non-voting observer capacity, to receive notice of such meetings and to receive any and all documentation, information and/or other materials provided to the members of the Board and in addition the Observer shall be entitled to request and receive from the Company any documentation, information and/or other materials that any of the members of the Board is or may be entitled to receive from the Company. Any materials furnished to the Observer and the discussions and presentations in connection with or at any meeting shall be considered confidential information and the Observer will keep such materials and discussions confidential and will not disclose or divulge such materials and discussions to any third party. Notwithstanding the above, the Company shall not be obligated to provide access to any information or meeting of the Board that will impair attorney-client privileges between the Company and its counsel, or which constitutes a conflict of interest, such determination made reasonably by the Board, acting in good faith.

16. Expenses. Each of the Company and the Lender Group shall pay all costs and expenses that it incurs with respect to the negotiation, due diligence investigation, execution, delivery and performance of this Note; provided that upon the consummation of the Closing, the Company shall bear all legal and accounting fees and other expenses (e.g. costs of due diligence) incurred by the Lender Group in connection with the transactions contemplated by this Note, in the amount of up to US$ 18,000 plus V.A.T. Pontifax may deduct such amount from the Loan Amount transferred by it at the Closing.

17. Miscellaneous.

a. Notices. Any notice, request, communication or other document required or permitted to be given or delivered to the Lender or the Company shall be delivered, or shall be sent by certified or registered mail, postage prepaid, overnight courier or facsimile (with return receipt requested) or delivered personally to the Lender at its address as shown on the signature page hereto or to the Company at the address indicated therefor on the signature page of this Note.

b. Governing Law; Jurisdiction. This Note and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted solely in accordance with the laws of the State of Israel, without giving effect to its conflict of laws principles. Any dispute arising under or in relation to this Note shall be resolved exclusively by the competent courts of Tel-Aviv Jaffa and each of the parties hereby irrevocably submits to the exclusive jurisdiction of such courts.

c. Successors and Assigns. This Note, and the obligations and rights of the Company hereunder, shall be binding on and inure to the benefit of the Company, the Lender, and their respective permitted successors, assigns, heirs and beneficiaries. Without limiting the foregoing, any successor, assign, heir or beneficiary of a Lender shall be subject to the terms of this Note, including the limitations on transfer and the representations contained in this Note.

d. Amendments and Waivers; Delays or Omissions. Any term of this Note may be amended only by an instrument in writing executed by the Company and Pontifax on behalf of the Lender Group. The compliance with any provision or condition of this Note, and any breach or default thereof, may be waived only with the written consent of the Company or the Lender. Any waiver on the part of any party of any provision, condition, breach or default under this Note shall be effective only to the extent specifically set forth in such writing. No delay or omission to exercise any right, power or remedy accruing to any party upon any breach or default under this Note shall impair any such right, power or remedy nor shall it be construed to be a waiver of any such breach or default, or an acquiescence thereto, or of any subsequent breach or default; nor shall any waiver of any single breach or default be deemed a waiver of any other prior or subsequent breach or default.

e. Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision shall be excluded from this Note, and the remainder of this Note shall be enforceable in accordance with its terms.

f. Entire Agreement. This Note constitutes the entire agreement between the parties pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations, and undertakings of the parties, whether oral or written, with respect to such subject matter.

g. Counterparts. This Note may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Facsimile signatures shall be binding as original signatures.

[Signature page follows]

IN WITNESS WHEREOF, this Note has been executed and delivered on the date first above written.

ENTERA BIO LTD.

By: _____

Name: _____

Title: _____

Entera Bio Ltd.
Jerusalem Bio Park
PO Box 12117
Jerusalem 91220
Fax no.: +972.2. 532.7151
Attn: Dr. Phillip Schwartz

[Company signature page to Convertible Promissory Note and Loan Agreement]

Accepted and Agreed to by:

_____

_____

_____

[Address]

[Lender’s signature page to Convertible Promissory Note and Loan Agreement]

Schedule of Lenders to the Convertible Promissory Note and Loan Agreement
dated as of June 14, 2016

Lender	Principal Amount ($)
Ari Bernstein	15,000.00
Ari Bernstein	25,806.50
Arik Kaufman	25,806.50
BellCo Capital, LLC	150,000.00
Bonderman Family Limited Partnership	1,000,000.00
Corundum Open Innovation Fund, L.P.	1,000,000.00
Daniel Kaufthal	100,000.00
David Tenan (Trustee)	300,000.00
Eton Street Holdings, LLC	150,000.00
Gerald Lieberman	51,613.01
Gerald Lieberman	50,000.00
Greg Kiernan	300,000.00
Ilan Kaufthal	250,000.00
Joshua Kazam (Trustee)	300,000.00
Kenneth Abramowitz	51,012.00
Luke M. Beshar	50,000.00
Mainfield Enterprises Inc.	774,195.21
Menachem Raphael	600,000.00
Pontifax (Cayman) IV Fund L.P.	720,350.67
Pontifax (China) IV Fund L.P.	800,000.00
Pontifax (Israel)	1,479,649.33
Roger J. Garceau	25,000.00
Seaview Trust	150,000.00
Victor Tshuva	25,806.50
White Car Group Ltd.	103,226.03

ENTERA BIO LTD.
2017 EQUITY INCENTIVE PLAN

Section 1. *Purpose*. The purpose of the Entera Bio Ltd. 2017 Equity Incentive Plan (the "**Plan**") is to motivate and reward those employees, directors, consultants and advisors of Entera Bio Ltd. (the "**Company**") and its Affiliates to perform at the highest level and to further the best interests of the Company and its shareholders. Capitalized terms not otherwise defined herein are defined in Section 21.

Section 2. *Eligibility.*

(a) Any employee, Non-Employee Director, consultant or other advisor of the Company or any subsidiary shall be eligible to be selected to receive an Award under the Plan.

(b) Holders of equity compensation awards granted by a company acquired by the Company (or whose business is acquired by the Company) or with which the Company combines are eligible for grants of Replacement Awards under the Plan.

Section 3. *Administration.*

(a) The Plan shall be administered by the Board, provided that the Board may delegate authority to administer the Plan, as allowed under Applicable Law and the Articles of Association of the Company, to the Committee (the Board and the Committee shall be referred to herein as the "**Administrator**" as applicable) . The Committee shall be appointed by the Board and shall consist of not less than two directors of the Board. The Board may designate one or more directors as a subcommittee who may act for the Committee if necessary to satisfy the requirements of this Section. The Board may issue rules and regulations for administration of the Plan.

(b) Subject to the terms of the Plan and Applicable Law, the Administrator shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards (including Replacement Awards) to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or with respect to which payments, rights or other matters are to be calculated in connection with) Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent and under what circumstances Awards may be settled or exercised in cash, Shares, other Awards, other property, net settlement (including broker-assisted cashless exercise) or any combination thereof, or canceled, forfeited or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended (including as the result of any change to the scope of engagement of a Participant on previously granted Awards) ; (vi) determine whether, to what extent and under what circumstances cash, Shares, other Awards, other property and other amounts payable with respect to an Award under the Plan shall be deferred either

automatically or at the election of the holder thereof or of the Administrator; (vii) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (viii) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (ix) authorize conversion or substitution under the Plan of any or all Awards or Shares and to cancel or suspend Awards, as necessary, provided that, if such action is not specifically allowed under the terms of this Plan, any material harm to the interests of the Participants shall be subject to consent from the Participants;; (ix) authorize any person to execute on behalf of the Company any instrument required to effectuate the grant of an Award previously granted by the Board; and (x) make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of the Plan.

(c) All decisions of the Administrator shall be final, conclusive and binding upon all parties, including the Company, its shareholders and Participants and any Beneficiaries thereof.

Section 4. *Shares Available for Awards.*

(a) Subject to adjustment as provided in Section 4(c), the maximum number of Shares available for issuance under the Plan shall not exceed 12% of the Company's issued and outstanding share capital Shares; *provided* that, starting on January 1, 2019, on January 1 of each year, the total number of Shares available for issuance under the Plan will be increased by an amount equal to the lesser of (i) 5% of the Company's outstanding Shares on December 31 of the immediately preceding year or (ii) such number of Shares as determined by the Board in its discretion. Shares underlying Replacement Awards and Shares remaining available for grant under a plan of an acquired company or of a company with which the Company combines, appropriately adjusted to reflect the acquisition or combination transaction, shall not reduce the number of Shares remaining available for grant hereunder.

(b) Any Shares subject to an Award or to an equity-based award granted under a prior plan of the Company (other than a Replacement Award and any Award granted out of the authorized shares of an acquired plan), that expires, is canceled, forfeited or otherwise terminates without the delivery of such Shares, including any Shares subject to such Award or award to the extent that such Award or award is settled without the issuance of Shares, shall again be, or shall become, available for issuance under the Plan. Any Shares surrendered or withheld in payment of any grant, acquisition or exercise price of such Award or award or taxes related to such Award or award shall not become available for issuance under the Plan.

(c) In the event that, as a result of any dividend or other distribution (whether in the form of cash, Shares or other securities), recapitalization, share split, reverse share split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of

warrants or other rights to acquire Shares or other securities of the Company, issuance of Shares pursuant to the anti-dilution provisions of securities of the Company, or other similar corporate transaction or event affecting the Shares, or of changes in Applicable Law, regulations or accounting principles, an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Administrator shall, subject to Section 18, adjust equitably any or all of:

(i) the number and type of Shares (or other securities) which thereafter may be made the subject of Awards, including the aggregate and individual limits specified in Section 4(a);

(ii) the number and type of Shares (or other securities) subject to outstanding Awards; and

(iii) the grant, acquisition, exercise price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award;

provided, however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number (and to the extent required by law or tax regulations, fractional Shares shall be rounded down).

(d) Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or Shares acquired by the Company.

Section 5. *Options.* The Administrator is authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Administrator shall determine.

(a) The exercise price per Share under an Option shall be determined by the Administrator; *provided*, *however*, that, except in the case of Replacement Awards, such exercise price shall not be less than the Fair Market Value of a Share on the date of grant of such Option.

(b) The term of each Option shall be fixed by the Administrator but shall not exceed 10 years from the date of grant of such Option.

(c) The Administrator shall determine the time or times at which an Option may be exercised in whole or in part.

(d) The Administrator shall determine the methods by which, and the forms in which payment of the exercise price with respect thereto may be made or deemed to have been made, including cash, Shares, other Awards, other property, net settlement (including broker-assisted cashless exercise) or any combination thereof, having a Fair Market Value on the exercise date equal to the relevant exercise price.

Section 6. *Share Appreciation Rights.* The Administrator is authorized to grant SARs to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Administrator shall determine.

(a) SARs may be granted under the Plan to Participants either alone ("freestanding") or in addition to other Awards granted under the Plan ("tandem").

(b) The exercise price per Share under a SAR shall be determined by the Administrator; *provided, however*, that, except in the case of Replacement Awards, such exercise price shall not be less than the Fair Market Value of a Share on the date of grant of such SAR (or if granted in connection with an Option, on the grant date of such Option).

(c) The term of each SAR shall be fixed by the Administrator but shall not exceed 10 years from the date of grant of such SAR.

(d) The Administrator shall determine the time or times at which a SAR may be exercised or settled in whole or in part.

(e) Upon the exercise of a SAR, the Company shall pay to the Participant an amount equal to the number of Shares subject to the SAR multiplied by the excess, if any, of the Fair Market Value of one Share on the exercise date over the exercise price of such SAR. The Company shall pay such excess in cash, in Shares valued at Fair Market Value, or any combination thereof, as determined by the Administrator.

Section 7. *Restricted Shares and RSUs.* The Administrator is authorized to grant Awards of Restricted Shares and RSUs to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Administrator shall determine.

(a) The applicable Award Document shall specify the vesting schedule and, with respect to RSUs, the delivery schedule (which may include deferred delivery later than the vesting date) and whether the Award of Restricted Shares or RSUs is entitled to dividends or dividend equivalents, voting rights or any other rights.

(b) Restricted Shares and RSUs shall be subject to such restrictions as the Administrator may impose (including any limitation on the right to vote a Restricted Share or the right to receive any dividend, dividend equivalent or other right), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Administrator may deem appropriate. Without limiting the generality of the foregoing, if the Award relates to Shares on which dividends are declared during the period that the Award is outstanding, the Award shall not provide for the payment of such dividend (or a dividend equivalent) to the Participant prior to the time at which such Award, or applicable portion thereof, becomes nonforfeitable, unless otherwise provided in the applicable Award Document.

(c) Restricted Shares granted under the Plan may be evidenced in such manner as the Administrator may deem appropriate, including book-entry registration or issuance of a share certificate or certificates. In the event that any share certificate is issued in respect Restricted Shares granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Share.

(d) The Administrator may determine the form or forms (including cash, Shares, other Awards, other property or any combination thereof) in which payment of the amount owing upon settlement of any RSU Award may be made.

Section 8. *Performance Awards.* The Administrator is authorized to grant Performance Awards to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Administrator shall determine.

(a) Performance Awards may be denominated as a cash amount, a number of Shares or a combination thereof and are Awards which may be earned upon achievement or satisfaction of performance conditions specified by the Administrator. In addition, the Administrator may specify that any other Award shall constitute a Performance Award by conditioning the right of a Participant to exercise the Award or have it settled, and the timing thereof, upon achievement or satisfaction of such performance conditions as may be specified by the Administrator. The Administrator may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions. Subject to the terms of the Plan, the performance goals to be achieved during any Performance Period, the length of any Performance Period, the amount of any Performance Award granted and the amount of any payment or transfer to be made pursuant to any Performance Award shall be determined by the Administrator. If the Performance Award relates to Shares on which dividends are declared during the Performance Period, the Performance Award shall not provide for the payment of such dividend (or dividend equivalent) to the Participant prior to the time at which such Performance Award, or the applicable portion thereof, is earned.

(b) Performance criteria may be measured on an absolute (*e.g.*, plan or budget) or relative basis, and may be established on a corporate-wide basis or with respect to one or more business units, divisions, subsidiaries or business segments. Relative performance may be measured against a group of peer companies, a financial market index or other acceptable objective and quantifiable indices. If the Administrator determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which the Company conducts its business, or other events or circumstances render the performance objectives unsuitable, the Administrator may modify the minimum acceptable level of achievement, in whole or in part, as the Administrator deems appropriate and equitable. Performance objectives shall be adjusted for material items not originally contemplated in establishing the performance target for items resulting from discontinued operations, extraordinary gains and losses, the effect of changes in accounting standards or principles, acquisitions or divestitures,

changes in tax rules or regulations, capital transactions, restructuring, nonrecurring gains or losses or unusual items. Performance measures may vary from Performance Award to Performance Award, and from Participant to Participant, and may be established on a stand-alone basis, in tandem or in the alternative. The Administrator shall have the power to impose such other restrictions on Awards subject to this Section 8(b) as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements of any Applicable Law, stock market or exchange rules and regulations or accounting or tax rules and regulations.

(c) *Settlement of Performance Awards; Other Terms.* Settlement of Performance Awards shall be in cash, Shares, other Awards, other property, net settlement or any combination thereof, as determined in the discretion of the Administrator. Performance Awards will be settled only after the end of the relevant Performance Period. The Administrator may, in its discretion, increase or reduce the amount of a settlement otherwise to be made in connection with a Performance Award.

Section 9. *Other Share-Based Awards.* The Administrator is authorized, subject to limitations under Applicable Law, to grant to Participants such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares or factors that may influence the value of Shares, including convertible or exchangeable debt securities, other rights convertible or exchangeable into Shares, acquisition rights for Shares, Awards with value and payment contingent upon performance of the Company or business units thereof or any other factors designated by the Administrator. The Administrator shall determine the terms and conditions of such Awards.

Section 10. *Minimum Vesting.* Notwithstanding any provisions of this Plan to the contrary and except as provided in this Section 10 or pursuant to Section 11, Awards (other than Replacement Awards) shall not vest in full prior to the one-year anniversary of the applicable grant date; *provided*, *however*, that no more than five percent (5%) of the Shares available for issuance under the Plan may be granted subject to Awards with such other vesting requirements, if any, as the Administrator may establish in its sole discretion (which number of Shares shall not include any Shares subject to Awards granted pursuant to Section 8).

Section 11. *Effect of Termination of Service, Change in Control or Structural Change on Awards.*

(a) The Administrator may provide, by rule or regulation or in any Award Document, or may determine in any individual case, the circumstances in which, and the extent to which, an Award may be exercised, settled, vested, paid or forfeited in the event of a Participant's Termination of Service prior to the vesting, exercise or settlement of such Award or the end of a Performance Period.

(b) In the event of a Change in Control, to the extent not inconsistent with the provisions of Section 11(a) above or the applicable Award Document, the Committee, in its sole discretion, and on such terms and conditions as it deems

appropriate, either by the terms of the Award or by action taken prior to the occurrence of such Change in Control, may take any one or more of the following actions whenever the Committee determines that such action is appropriate or desirable in order to prevent the dilution or enlargement of the benefits intended to be made available under the Plan or to facilitate the Change in Control transaction:

(i) Awards may be continued in effect or converted into an award or right with respect to shares of the successor or surviving corporation (or a parent or subsidiary thereof) (in the case of Options and SARs awarded to a Participant to whom Section 18 applies, in a manner that complies with Sections 424 and 409A of the Code) in accordance with the terms of such Change of Control;

(ii) Awards may immediately vest and settle and, in the case of Options and SARs, become fully exercisable;

(iii) Unvested Awards may be cancelled for no consideration;

(iv) Awards may be terminated or cancelled in exchange for a cash payment (and, for the avoidance of doubt, if as of the date of the Change in Control, the Board determines that no amount would have been realized upon the exercise of the Award or other realization of the Participant's rights, then the Award may be cancelled by the Company without payment of consideration); and

(v) Awards may be assumed, exchanged, replaced or continued by the successor or surviving corporation (or a parent or subsidiary thereof) with cash, securities, rights or other property to be paid or issued, as the case may be, by the successor or surviving corporation (or a parent or subsidiary thereof).

For purposes of subsections (i) and (ii) above, no Option, SAR, Restricted Share or RSU shall be treated as "continued or converted" on a basis consistent with the requirements of subsection (i) or (ii), as applicable, unless the shares underlying such award after such continuation or conversion consists of securities of a class that is widely held and publicly traded on a U.S. national securities exchange.

Under any of subsections (i) through (iv) above, appropriate adjustments will be made with respect to the number and type of securities (or other consideration) of the successor or surviving corporation (or a parent or subsidiary thereof), subject to any replacement awards, the terms and conditions of the replacement awards (including, without limitation, any applicable performance targets or criteria with respect thereto) and the grant, exercise or purchase price per share for the replacement awards.

(c) *Adjustment Due to a Structural Change*. In the event of a Structural Change, Awards shall 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, and the Exercise Price and quantity of shares underlying the Awards shall be adjusted in accordance with the terms of the Structural Change. The adjustments required shall be determined in good faith solely by the Board in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available in respect of the Awards, and shall be subject to the receipt of any approval required, including any tax ruling, if necessary.

Section 12. *General Provisions Applicable to Awards.*

(a) Awards shall be granted for no cash consideration or for such minimal cash consideration as may be required by Applicable Law.

(b) Awards may, in the discretion of the Administrator, be granted either alone or in addition to or in tandem with any other Award or any award granted under any other plan of the Company. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Company, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(c) Subject to the terms of the Plan and Section 18, payments or transfers to be made by the Company upon the grant, exercise or settlement of an Award may be made in the form of cash, Shares, other Awards, other property, net settlement or any combination thereof, as determined by the Administrator in its discretion, and may be made in a single payment or transfer, in installments or on a deferred basis, in each case in accordance with rules and procedures established by the Administrator. Such rules and procedures may include provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of dividend equivalents in respect of installment or deferred payments.

(d) Except as may be permitted by the Board or as specifically provided in an Award Document, (i) no Award and no right under any Award shall be assignable, alienable, saleable or transferable by a Participant otherwise than by will or pursuant to Section 12(e) and (ii) during a Participant's lifetime, each Award, and each right under any Award, shall be exercisable only by the Participant or, if permissible under Applicable Law, by the Participant's guardian or legal representative. The provisions of this Section 12(d) shall not apply to any Award that has been fully exercised or settled, as the case may be, and shall not preclude forfeiture of an Award in accordance with the terms thereof.

(e) A Participant may designate a Beneficiary or change a previous Beneficiary designation at such times prescribed by the Board by using forms and following procedures approved or accepted by the Board for that purpose.

(f) All certificates for Shares and/or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Administrator may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange

Commission, any stock market or exchange upon which such Shares or other securities are then quoted, traded or listed, and any applicable securities laws, and the Administrator may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(g) Without limiting the generality of Section 12(h), the Administrator may impose restrictions on any Award with respect to noncompetition, confidentiality and other restrictive covenants, or requirements to comply with minimum share ownership requirements, as it deems necessary or appropriate in its sole discretion.

(h) The Administrator may specify in an Award Document that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include a Termination of Service with or without Cause (and, in the case of any Cause that is resulting from an indictment or other non-final determination, the Administrator may provide for such Award to be held in escrow or abeyance until a final resolution of the matters related to such event occurs, at which time the Award shall either be reduced, cancelled or forfeited (as provided in such Award Document) or remain in effect, depending on the outcome), violation of material policies, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company and/or its Affiliates.

(i) Rights, payments and benefits under any Award shall be subject to repayment to or recoupment ("clawback") by the Company in accordance with such policies and procedures as the Committee or Board may adopt from time to time, including policies and procedures to implement Applicable Law, stock market or exchange rules and regulations or accounting or tax rules and regulations.

Section 13. *Amendments and Termination.*

(a) Except to the extent prohibited by Applicable Law and unless otherwise expressly provided in an Award Document or in the Plan, the Board may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time; *provided*, *however*, that no such amendment, alteration, suspension, discontinuation or termination shall be made without (i) shareholder approval, if such approval is required by Applicable Law or the rules of the stock market or exchange, if any, on which the Shares are principally quoted or traded or (ii) the consent of the affected Participant, if such action would materially adversely affect the rights of such Participant under any outstanding Award, except to the extent any such amendment, alteration, suspension, discontinuance or termination is made to cause the Plan to comply with Applicable Law, stock market or exchange rules and regulations or accounting or tax rules and regulations, or to impose any recoupment provisions on any Awards in accordance with Section 12(i). Notwithstanding anything to the contrary in the Plan, the Board may amend the Plan in such manner as may be necessary to enable the Plan to

achieve its stated purposes in any jurisdiction in a tax-efficient manner and in compliance with local laws, rules and regulations.

(b) The Board may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate any Award theretofore granted, prospectively or retroactively, without the consent of any relevant Participant or holder or Beneficiary of an Award; *provided, however*, that, subject to Section 4(c) and Section 11(b), no such action shall materially adversely affect the rights of any affected Participant or holder or Beneficiary under any Award theretofore granted under the Plan, except to the extent any such action is made to cause the Plan to comply with Applicable Law, stock market or exchange rules and regulations or accounting or tax rules and regulations, or to impose any recoupment provisions on any Awards in accordance with Section 12(i); *provided further* that, except as provided in Section 4(c), the Board shall not without the approval of the Company's shareholders (a) lower the exercise price per Share of an Option or SAR after it is granted or take any other action that would be treated as a repricing of such Award under the rules of the principal stock market or exchange on which the Company's Shares are quoted or traded, or (b) cancel an Option or SAR when the exercise price per Share exceeds the Fair Market Value in exchange for cash or another Award (other than in connection with a Change in Control).

(c) Except as provided in Section 8(b), the Administrator shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of events (including the events described in Section 4(c)) affecting the Company, or the financial statements of the Company, or of changes in Applicable Law, stock market or exchange rules and regulations or accounting or tax rules and regulations, whenever the Administrator determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(d) The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.

Section 14. *Prohibition on Option and SAR Repricing.* Except as provided in Section 4(c), the Board may not, without prior approval of the Company's shareholders, seek to effect any re-pricing of any previously granted "underwater" Option or SAR by: (i) amending or modifying the terms of the Option or SAR to lower the exercise price; (ii) cancelling the underwater Option or SAR and granting either (A) replacement Options or SARs having a lower exercise price or (B) Restricted Share, RSU, Performance Award or Other Share-Based Award in exchange; or (iii) cancelling or repurchasing the underwater Options or SARs for cash or other securities. An Option or SAR will be deemed to be "underwater" at any time when the Fair Market Value of the Shares covered by such Award is less than the exercise price of the Award.

Section 15. *Miscellaneous.*

(a) No employee, Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of employees, Participants or holders or Beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient. Any Award granted under the Plan shall be a one-time Award that does not constitute a promise of future grants. The Company, in its sole discretion, maintains the right to make available future grants under the Plan.

(b) The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of, or to continue to provide services to, the Company or any Affiliate. Further, the Company or the applicable Affiliate may at any time dismiss a Participant, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Document or in any other agreement binding the parties. The receipt of any Award under the Plan is not intended to confer any rights on the receiving Participant except as set forth in the applicable Award Document.

(c) Nothing contained in the Plan shall prevent the Company from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) Any taxes recognized by a Participant in respect of his or her Awards and/or Shares, including, but not limited to, in respect of the grant of an Award, and/or the vesting, exercise or settlement of the Award, and/or the sale of Shares underlying an Award, shall be borne solely by such Participant and his or her heirs or transferees. Except as provided in Section 15(e) below, neither the Company nor any of its Affiliates shall be required to bear the aforementioned taxes, directly or indirectly, nor shall they be required to gross up such tax in the Participants' salaries or remuneration.

(e) The Company shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to a Participant the amount (in cash, Shares, other Awards, other property, net settlement or any combination thereof) of applicable withholding taxes due in respect of an Award, its exercise or settlement or any payment or transfer under such Award or under the Plan and to take such other action (including providing for elective payment of such amounts in cash or Shares by the Participant) as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. Without limiting the foregoing, the Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable cash or Shares having a fair market value not in excess of the maximum statutory amount required to be withheld, or (iii) delivering to the Company already-owned Shares having a fair market value not in excess of the maximum statutory amount

required to be withheld. The fair market value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

(f) For avoidance of doubt, it is clarified that the tax treatment of any Award granted under this Plan is not guaranteed and although Awards may be granted under a certain tax route, they may become subject to a different tax route in the future.

(g) If any provision of the Plan or any Award Document is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Administrator, such provision shall be construed or deemed amended to conform to Applicable Laws, or if it cannot be so construed or deemed amended without, in the determination of the Administrator, materially altering the intent of the Plan or the Award Document, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award Document shall remain in full force and effect.

(h) Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company.

(i) No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Board shall determine whether cash or other securities shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

(j) Awards may be granted to Participants who are non-Israeli nationals or employed or providing services outside Israel, or both, on such terms and conditions different from those applicable to Awards to Participants who are employed or providing services in Israel as may, in the judgment of the Board, be necessary or desirable to recognize differences in local law, tax policy or custom. The Board also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Participants on assignments outside their home country.

Section 16. *Effective Date of the Plan.* The Plan is effective upon the listing of the Shares on the NASDAQ Capital Market.

Section 17. *Term of the Plan.* No Award shall be granted under the Plan after the earliest to occur of (i) the ten-year anniversary of the Effective Date; *provided* that to the extent permitted by the listing rules of any stock exchanges on which the Company is listed, such ten-year term may be extended indefinitely so long as the maximum number of Shares available for issuance under the Plan have not been issued, (ii) the maximum number of Shares available for issuance under the Plan have been issued or (iii) the Board terminates the Plan in accordance with Section 13(a). However, unless otherwise expressly provided in the Plan or in an applicable Award Document, any Award theretofore granted may extend

beyond such date, and the authority of the Board to amend, alter, adjust, suspend, discontinue or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board to amend the Plan, shall extend beyond such date.

Section 18. *Section 409A of the Code.* With respect to Awards subject to Section 409A of the Code, the Plan is intended to comply with the requirements of Section 409A of the Code, and the provisions of the Plan and any Award Document shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code, and the Plan shall be operated accordingly. If any provision of the Plan or any term or condition of any Award would otherwise frustrate or conflict with this intent, the provision, term or condition will be interpreted and deemed amended so as to avoid this conflict. If an amount payable under an Award as a result of the Participant's Termination of Service (other than due to death) occurring while the Participant is a "specified employee" under Section 409A of the Code constitutes a deferral of compensation subject to Section 409A of the Code, then payment of such amount shall not occur until six months and one day after the date of the Participant's Termination of Service, except as permitted under Section 409A of the Code. If the Award includes a "series of installment payments" (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury Regulations), the Participant's right to the series of installment payments shall be treated as a right to a series of separate payments and not as a right to a single payment, and if the Award includes "dividend equivalents" (within the meaning of Section 1.409A-3(e) of the Treasury Regulations), the Participant's right to the dividend equivalents shall be treated separately from the right to other amounts under the Award. Notwithstanding the foregoing, the tax treatment of the benefits provided under the Plan or any Award Document is not warranted or guaranteed, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A of the Code.

Section 19. *Data Protection.* By participating in the Plan, the Participant consents to the holding and processing of personal information provided by the Participant to the Company or any Affiliate, trustee or third party service provider, for all purposes relating to the operation of the Plan. These include, but are not limited to:

(i) administering and maintaining Participant records;

(ii) providing information to the Company, Affiliates, trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan;

(iii) providing information to future purchasers or merger partners of the Company or any Affiliate, or the business in which the Participant works; and

(iv) transferring information about the Participant to any country or territory that may not provide the same protection for the information as the Participant's home country.

Section 20. *Governing Law.* The Plan and each Award Document shall be governed by the laws of the State of Israel. The Company, its Affiliates and each Participant (by acceptance of an Award) irrevocably submit, in respect of any suit, action or proceeding related to the implementation or enforcement of the Plan, to the exclusive jurisdiction of the competent courts in Tel-Aviv-Jaffe.

Section 21. *Definitions*. As used in the Plan, the following terms shall have the meanings set forth below:

(a) "**Affiliate**" means (i) any entity that, directly or indirectly, is controlled by the Company, (ii) any entity in which the Company, directly or indirectly, has a significant equity interest, in each case as determined by the Committee and (iii) any other entity which the Committee determines should be treated as an "Affiliate."

(b) "**Applicable Law**" means the legal requirements applicable to the administration of equity incentive plans, any applicable laws, rules and regulations of any country or jurisdiction where Awards are granted under the Plan or in which Participants pay are subject to taxation, as such laws, rules, regulations and requirements shall be in place from time to time, and any applicable stock exchange rules or regulations.

(c) "**Award**" means any Option, SAR, Restricted Share, RSU, Performance Award or Other Share-Based Award granted under the Plan.

(d) "**Award Document**" means any agreement, contract or other instrument or document, which may be in electronic format, evidencing any Award granted under the Plan, which may, but need not, be executed or acknowledged by a Participant.

(e) "**Beneficiary**" means a person entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant's death. If no such person is named by a Participant, or if no Beneficiary designated by the Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant's death, such Participant's Beneficiary shall be such Participant's estate.

(f) "**Board**" means the board of directors of the Company.

(g) "**Cause**" means, with respect to any Participant, "cause" as defined in such Participant's employment agreement with the Company, if any, or if not so defined, except as otherwise provided in such Participant's Award Document, such Participant's:

(i) indictment for any crime (A) constituting a felony, or (B) that has, or could reasonably be expected to result in, an adverse impact on the performance of a Participant's duties to the Company or any of its subsidiaries, or otherwise has, or could reasonably be expected to result in, an adverse impact to the business or reputation of the Company or any of its subsidiaries;

(ii) having been the subject of any order, judicial or administrative, obtained or issued by the Securities and Exchange Commission for any securities violation involving fraud, including, for example, any such order consented to by the Participant in which findings of facts or any legal conclusions establishing liability are neither admitted nor denied;

(iii) conduct, in connection with his or her employment or service, which is not taken in good faith and has, or could reasonably be expected to result in, material injury to the business or reputation of the Company or any of its subsidiaries;

(iv) willful violation of the Company's code of conduct or other material policies set forth in the manuals or statements of policy of the Company or any of its subsidiaries;

(v) willful neglect in the performance of a Participant's duties for the Company or any of its subsidiaries or willful or repeated failure or refusal to perform such duties;

(vi) material breach of any applicable employment agreement or other agreement with the Company; or

(vii) conduct, in connection with his or her employment or service.

The occurrence of any such event described in clauses (ii) through (v) that is susceptible to cure or remedy shall not constitute Cause if such Participant cures or remedies such event within 30 (thirty) days after the Company provides notice to such Participant.

(h) "**Change in Control**" means the occurrence of any one or more of the following events:

(i) a direct or indirect change in ownership or control of the Company effected through one transaction or a series of related transactions within a 12-month period, whereby any Person other than the Company, directly or indirectly acquires or maintains beneficial ownership of securities of the Company constituting more than 50% of the total combined voting power of the Company's equity securities outstanding immediately after such acquisition;

(ii) at any time during a period of 12 consecutive months, individuals who at the beginning of such period constituted the Board cease for any reason to constitute a majority of members of the Board; *provided*, *however,* that any new member of the Board whose election or nomination for election was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was so approved, shall be considered as though such individual were a member of the Board at the beginning of the period, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result

of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) the consummation of a merger or consolidation of the Company or any of its subsidiaries with any other corporation or entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity or, if applicable, the ultimate parent thereof) at least 50% of the combined voting power and total fair market value of the securities of the Company or such surviving entity or parent outstanding immediately after such merger or consolidation; or

(iv) the consummation of any sale, lease, exchange or other transfer to any Person (other than an Affiliate of the Company), in one transaction or a series of related transactions within a 12-month period, of all or substantially all of the assets of the Company and its subsidiaries.

Notwithstanding the foregoing or any provision of any Award Document to the contrary, for any Award to which Section 18 applies that provides for accelerated distribution on a Change in Control of amounts that constitute "deferred compensation" (as defined in Section 409A of the Code), if the event that constitutes such Change in Control does not also constitute a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company's assets (in either case, as defined in Section 409A of the Code), such amount shall not be distributed on such Change in Control but instead shall vest as of the date of such Change in Control and shall be paid on the scheduled payment date specified in the applicable Award Document, except to the extent that earlier distribution would not result in the Participant who holds such Award incurring any additional tax, penalty, interest or other expense under Section 409A of the Code.

(a) "**Code**" means the United States Internal Revenue Code of 1986, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Code shall include any successor provision thereto.

(b) "**Committee**" means the Compensation Committee of the Board or such other committee as may be designated by the Board.

(c) "**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Exchange Act shall include any successor provision thereto.

(d) "**Fair Market Value**" means (i) with respect to a Share, the closing price of a Share on the date in question (or, if there is no reported sale on such

date, on the last preceding date on which any reported sale occurred) on the principal stock market or exchange on which the Shares are quoted or traded, or if Shares are not so quoted or traded, the fair market value of a Share as determined by the Board, and (ii) with respect to any property other than Shares, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Board.

(e) "**Non-Employee Director**" means a member of the Board who is not an employee of the Company or an Affiliate.

(f) "**Option**" means an option representing the right to acquire Shares from the Company, granted in accordance with the provisions of Section 5.

(g) "**Other Share-Based Award**" means an Award granted in accordance with the provisions of Section 9.

(h) "**Participant**" means the recipient of an Award granted under the Plan.

(i) "**Performance Award**" means an Award granted in accordance with the provisions of Section 8.

(j) "**Performance Period**" means the period established by the Administrator at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Administrator with respect to such Award are measured.

(k) "**Person**" means a natural person or a partnership, company, association, cooperative, mutual insurance society, foundation or any other body which operates externally as an independent unit or organisation.

(l) "**Replacement Award**" means an Award granted in assumption of, or in substitution for, an outstanding award previously granted by a company or business acquired by the Company or with which the Company, directly or indirectly, combines.

(m) "**Restricted Share**" means any Share granted in accordance with the provisions of Section 7.

(n) "**RSU**" means a contractual right granted in accordance with the provisions of Section 7 that is denominated in Shares. Each RSU represents a right to receive the value of one Share. Awards of RSUs may include the right to receive dividend equivalents.

(o) "**SAR**" means any right granted in accordance with the provisions of Section 6 to receive upon exercise by a Participant or settlement the excess of (i) the Fair Market Value of one Share on the date of exercise or settlement over (ii) the exercise price of the right on the date of grant, or if granted in connection with an Option, on the date of grant of the Option.

(p) "**Shares**" means ordinary shares of the Company. [2]

(q) "**Structural Change**" means any re-domestication of the Company, share flip, creation of a holding company for the Company which will hold substantially all of the Shares of the Company or any other transaction involving the Company in which the Shares of the Company outstanding immediately prior to such transaction continue to represent, or are converted into or exchanged for shares that represent, immediately following such transaction, at least a majority, by voting power, of the share capital of the surviving, acquiring or resulting corporation;

(r) "**Termination of Service**" means:

(i) in the case of a Participant who is an employee of the Company or an Affiliate, cessation of the employment relationship such that the Participant is no longer an employee of the Company or Subsidiary;

(ii) in the case of a Participant who is a director of the Board, the date that the Participant ceases to be a member of the Board for any reason; or

(iii) in the case of a Participant who is a consultant or other advisor, the effective date of the cessation of the performance of services for the Company or an Subsidiary;

provided, *however*, that in the case of an employee, the transfer of employment from the Company to an Affiliate, from an Affiliate to the Company, from one Affiliate to another Affiliate or, unless the Administrator determines otherwise, the cessation of employee status but the continuation of the performance of services for the Company or an Affiliate as a member of the Board or a consultant or other advisor shall not be deemed a cessation of service that would constitute a Termination of Service; and *provided further*, that a Termination of Service will be deemed to occur for a Participant employed by an Affiliate when an Affiliate ceases to be an Affiliate, unless such Participant's employment continues with the Company or another Affiliate.

ENTERA BIO LTD.

2017 EQUITY INCENTIVE PLAN

ISRAELI SUB PLAN

1. GENERAL

1.1 This sub-plan (the "**Sub-plan**") shall apply only to Participants who are residents of the State of Israel upon the date of grant of the Award, as defined below in Section 2, or who are deemed Israeli tax residents (collectively, "**Israeli Participants**"). The provisions specified hereunder shall form an integral part of the Entera Bio Ltd. 2017 Equity Incentive Plan (hereinafter the **"Plan"**).

1.2 This Sub-plan is adopted pursuant to Sections Section 3(a) and Section 13(a) of the Plan and is to be read as a continuation of the Plan and modifies Awards granted to Israeli Participants only to the extent necessary to comply with the requirements set by the Israeli law in general, and in particular, with the provisions of the Israeli Income Tax Ordinance [New Version] 1961, as may be amended or replaced from time to time. This Sub-plan does not add to or modify the Plan in respect of any other category of Participants.

1.3 The Plan and this Sub-plan are complimentary to each other and shall be deemed as one. In the event of any conflict, whether explicit or implied, between the provisions of this Sub-plan and the Plan, the provisions set out in the Sub-plan shall prevail.

1.4 Any capitalized term not specifically defined in this Sub-plan shall be construed according to the interpretation given to it in the Plan.

1.5 This Sub-plan does not apply to any Award which is settled in cash.

2. DEFINITIONS

2.1 "**102 Award**" means any Award, provided it is settled in Shares, granted to an Approved Israeli Participant pursuant to Section 102 of the Ordinance.

2.2 "**Approved Israeli Participant**" means an Israeli Participant who is an employee, director or an officer of the Company or any an Israeli resident Affiliate, excluding any Controlling Share Holder of the Company.

2.3 "**Capital Gain Award" or "CGA"** means a Trustee 102 Award elected and designated by the Company to qualify under the capital gain tax treatment in accordance with the provisions of Section 102(b)(2) and Section 102(b)(3) of the Ordinance.

2.4 "**Controlling Share Holder**" shall have the meaning ascribed to it in Section 32(9) of the Ordinance.

2.5 "**ITA"** means the Israeli Tax Authority.

2.6 **"Israeli Award Agreement"** means the Award Agreement between the Company and an Israeli Participant that sets out the terms and conditions of an Award.

2.7 "**Non-Trustee 102 Award**" means a 102 Award granted pursuant to Section 102(c) of the Ordinance and not held in trust by a Trustee.

2.8 "**Ordinary Income Award" or "OIA**" means a Trustee 102 Award elected and designated by the Company to qualify under the ordinary income tax treatment in accordance with the provisions of Section 102(b)(1) of the Ordinance.

2.9 **"Ordinance"** means the Israeli Income Tax Ordinance [New Version] – 1961, as now in effect or as hereafter amended.

2.10 **"Section 102"** means Section 102 of the Ordinance and any regulations, rules, orders or procedures promulgated thereunder as now in effect or as hereafter amended.

2.11 "**Tax**" means any applicable tax and other compulsory payments such as social security and health tax contributions under any Applicable Law.

2.12 "**Trustee**" means any person or entity appointed by the Company or the Subsidiary to serve as a trustee and approved by the ITA, all in accordance with the provisions of Section 102(a) of the Ordinance, as may be replaced from time to time.

2.13 "**Trustee 102 Award**" means a 102 Award granted to an Approved Israeli Participant pursuant to Section 102(b) of the Ordinance and held in trust by a Trustee for the benefit of an Approved Israeli Participant.

2.14 "**Unapproved Israeli Participant**" means an Israeli Participant who is not an Approved Israeli Participant, including a consultant or a Controlling Share Holder of the Company.

3. ISSUANCE OF AWARDS

3.1 The persons eligible for participation in the Plan as Israeli Participants shall include Approved Israeli Participants and Unapproved Israeli Participants, provided, however, that only Approved Israeli Participants may be granted 102 Awards.

3.2 The Company may designate Awards granted to Approved Israeli Participants pursuant to Section 102 as Trustee 102 Awards or Non-Trustee 102 Awards.

3.3 The grant of Trustee 102 Awards shall be made under this Sub-plan and shall not be made until 30 days from the date the Plan has been submitted for approval by the ITA and shall be conditioned upon the approval of the Plan and this Sub-plan by the ITA.

3.4 Trustee 102 Awards may either be classified as Capital Gain Awards (CGAs) or Ordinary Income Awards (OIAs).

3.5 No Trustee 102 Award may be granted under this Sub-plan to any Approved Israeli Participant, unless and until the Company has filed with the ITA its election regarding the type of Trustee 102 Awards, whether CGAs or OIAs, that will be granted under the Plan and this Sub-plan (the "**Election**"). Such Election shall become effective beginning the first date of grant of a Trustee 102 Award under this Sub-plan and shall remain in effect at least until the end of the year following the year during which the Company first granted Trustee 102 Awards. The Election shall obligate the Company to grant *only* the type of Trustee 102 Award it has elected, and shall apply to all Israeli Participants who are granted Trustee 102 Awards during the period indicated herein, all in accordance with the provisions of Section 102(g) of the Ordinance. For the avoidance of doubt, the Election shall not prevent the Company from granting Non-Trustee 102 Awards simultaneously.

3.6 All Trustee 102 Awards must be held in trust by, or subject to the approval of the ITA, under the control or supervision of a Trustee, as described in Section 4 below.

3.7 The designation of Non-Trustee 102 Awards and Trustee 102 Awards shall be subject to the terms and conditions set forth in Section 102.

3.8 Awards granted to Unapproved Israeli Participants shall be subject to tax according to the provisions of the Ordinance and shall not be subject to the Trustee arrangement detailed herein.

4. TRUSTEE

4.1 Trustee 102 Awards which shall be granted under this Sub-plan and/or any Shares allocated or issued upon grant, vesting or exercise of a Trustee 102 Award and/or other Shares received following any realization of rights under the Plan, shall be allocated or issued to the Trustee or controlled by the Trustee, for the benefit of the Approved Israeli Participants, in accordance with the provisions of Section 102. In the event that the requirements for Trustee 102 Awards are not met, the Trustee 102 Awards may be regarded as Non-Trustee 102 Awards or as Awards which are not subject to Section 102, all in accordance with the provisions of Section 102.

4.2 With respect to any Trustee 102 Award, subject to the provisions of Section 102, an Approved Israeli Participant shall not sell or release from trust any Shares received upon the grant, vesting or exercise of a Trustee 102 Award and/or any Shares received following any realization of rights, including, without limitation, stock dividends, under the Plan at least until the lapse of the period of time required under Section 102 or any shorter period of time determined by the ITA (the "**Holding Period**"). Notwithstanding the above, if any such sale or release occurs during the Holding Period, the sanctions under Section 102 shall apply to and shall be borne by such Approved Israeli Participant.

4.3 Notwithstanding anything to the contrary, the Trustee shall not release or sell any Shares allocated or issued upon grant, vesting or exercise of a Trustee 102 Award unless the Company, its Israeli Subsidiary and the Trustee are satisfied that the full amounts of Tax due have been paid or will be paid.

4.4 Upon receipt of any Trustee 102 Award, the Approved Israeli Participant will consent to the grant of the Award under Section 102 and undertake to comply with the terms of Section 102 and the trust arrangement between the Company and the Trustee.

5. THE AWARDS

The terms and conditions upon which the Awards shall be issued and exercised or vest, shall be specified in the Israeli Award Agreement to be executed pursuant to the Plan and to this Sub-plan. Each Israeli Award Agreement shall state, *inter alia*, the number of Shares to which the Award relates, the type of Award granted thereunder (*i.e.*, a CGA, OIA or Non-Trustee 102 Award or any Award granted to Unapproved Israeli Participant), and any applicable vesting provisions and exercise price that may be payable. For the avoidance of doubt it is clarified that there is no obligation for uniformity of treatment of Israeli Participants and that the terms and conditions of Awards need not be the same with respect to each Israeli Participant (whether or not such Israeli Participants are similarly situated).

6. EXERCISE AND VESTING OF AWARDS

The grant, vesting and exercise of Awards granted to Israeli Participants shall be subject to the terms and conditions and, with respect to exercise, the method, as may be determined by the Company (including the provisions of the Plan) and, when applicable, by the Trustee, in accordance with the requirements of Section 102.

7. ASSIGNABILITY, DESIGNATION AND SALE OF AWARDS

7.1. Notwithstanding any other provision of the Plan (including sections 5(e) and 6(a)(iv) of the Plan), no Award or any right with respect thereto, or purchasable hereunder, whether fully paid or not, shall be assignable, transferable or given as collateral, or any right with respect to any Award given to any third party whatsoever, and during the lifetime of the Israeli Participant, each and all of such Israeli Participant's rights with respect to an Award shall belong only to the Israeli Participant. Any such action made directly or indirectly, for an immediate or future validation, shall be void.

7.2 As long as Awards or Shares issued or purchased hereunder are held by the Trustee on behalf of the Israeli Participant, all rights of the Israeli Participant over the Shares cannot be transferred, assigned, pledged or mortgaged, other than by will or laws of descent and distribution.

8. INTEGRATION OF SECTION 102 AND TAX ASSESSING OFFICER'S APPROVAL

8.1. With regard to Trustee 102 Awards, the provisions of the Plan and/or the Sub-plan and/or the Israeli Award Agreement shall be subject to the provisions of Section 102 and any approval issued by the ITA and the said provisions shall be deemed an integral part of the Plan, the Sub-plan and the Israeli Award Agreement.

8.2. Any provision of Section 102 and/or said approval issued by the ITA which must be complied with in order to receive and/or to maintain any tax Award pursuant to Section 102, which is not expressly specified in the Plan, the Sub-plan or the Israeli Award Agreement, shall be considered binding upon the Company, any Israeli Subsidiary and the Israeli Participants.

9. TAX CONSEQUENCES

9.1 Any tax consequences arising from the grant, exercise, vesting or sale of any Award, from the payment for or sale of Shares covered thereby or from any other event or act (of the Company, and/or its Subsidiaries, and the Trustee or the Israeli Participant), hereunder, shall be borne solely by the Israeli Participant. The Company and/or its Subsidiaries, and/or the Trustee shall withhold Tax according to the requirements under the applicable laws, rules, and regulations, including

withholding taxes at source. Furthermore, the Israeli Participant agrees to indemnify the Company and/or its Subsidiaries and/or the Trustee and hold them harmless against and from any and all liability for any such Tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such Tax from any payment made to the Israeli Participant.

9.2 The Company and/or, when applicable, the Trustee shall not be required to release any Award or Shares to an Israeli Participant until all required Tax payments have been fully made.

9.3 Approved Awards that do not comply with the requirements of Section 102 shall be considered Non-Approved 102 Awards or Awards subject to tax under Section 3(i) or 2 of the Ordinance.

9.4 With respect to Non-Trustee 102 Awards, if the Israeli Participant ceases to be employed by the Company or any Subsidiary, or otherwise if so requested by the Company or the Subsidiary, the Israeli Participant shall extend to the Company and/or the Subsidiary a security or guarantee for the payment of Tax due at the time of sale of Shares, in accordance with the provisions of Section 102.

9.5 For avoidance of doubt, it is clarified that the tax treatment of any Award granted under this Sub-plan is not guaranteed and, although Awards may be granted under a certain tax route, they may become subject to a different tax route in the future.

10. ONE TIME AWARD

The Awards and underlying Shares are extraordinary, one-time awards granted to the Participants, and are not and shall not be deemed a salary component for any purpose whatsoever, including in connection with calculating severance compensation under Applicable Law, nor shall receipt of an award entitle a Participant to any future Awards.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Amendment No. 1 to the Registration Statement on Form F-1 of Entera Bio Ltd. of our report dated July 13, 2017 relating to the financial statements, which appears in such Registration Statement. We also consent to the reference to us under the heading “Experts" in such Registration Statement.

Tel-Aviv, Israel
November 20, 2017

/s/ Kesselman & Kesselman
Certified Public Accountants (lsr.)
A member firm of PricewaterhouseCoopers International Limited