As confidentially submitted to the Securities and Exchange Commission on November 3, 2017.
This Amendment No. 2 to the draft registration statement has not been publicly filed with the Securities and Exchange Commission and all information herein remains strictly confidential.

Registration No. 333-_____

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

Amendment No. 2 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)

Agent for Service of Process

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

Copies to:

Michael P. Kaplan, Esq. **Sophia Hudson, Esq.** **Davis Polk & Wardwell LLP** **450 Lexington Avenue** **New York, New York 10017** **(212) 450-4000**	**Ron Ben Menachem, Adv.** **Yair Geva, Adv.** **Herzog Fox & Neeman** **4 Weizmann Street** **Tel Aviv 6423904, Israel** **+972 (3) 692-2020**

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	$	$

(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) This registration statement is being submitted in accordance with the procedures described in the announcement of the Division of Corporate Finance of

the Securities and Exchange Commission regarding submission of draft registration statements by emerging growth companies pursuant to the Jumpstart Our Business Startups Act of 2012. Accordingly, a registration fee is not required for this confidential draft registration statement submission.

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	$	$	$

(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.

, 2017

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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.

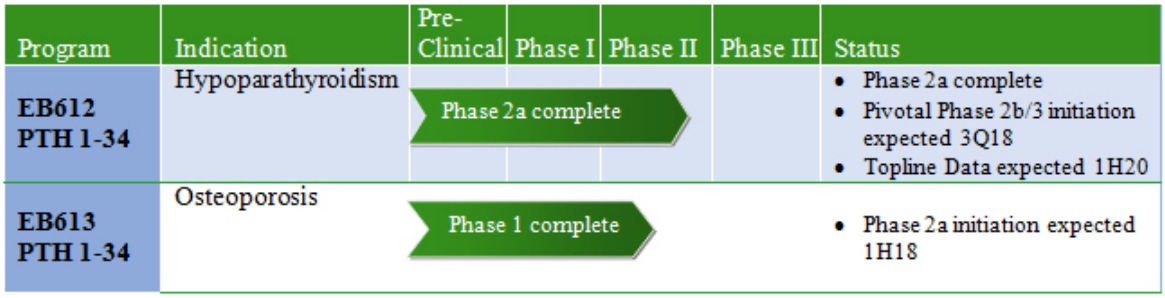
Based on consultations with key opinion leaders in the hypoparathyroidism field who have reviewed our Phase 2a results and are familiar with the REPLACE study, we are planning for a Phase 2b/3 trial, designed to possibly be a pivotal study for registration. This Phase 2b/3 study will be designed to repeat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

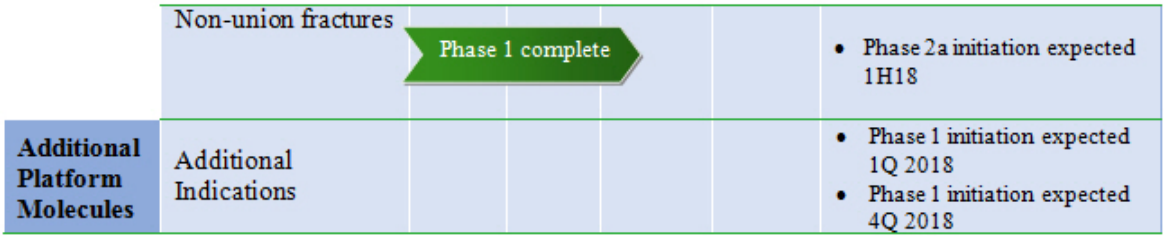
We are also developing a distinct oral PTH product candidate, EB613, for the treatment of osteoporosis. Osteoporosis is a systemic skeletal disease characterized by low bone mass, deterioration of bone tissue and increased bone fragility and susceptibility to fracture. An estimated 10 million people 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.





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 further 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, as such terms are 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 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.

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 , excluding:

- ordinary shares issuable upon the exercise of options outstanding as of June 30, 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;
- no exercise by Centillion Fund, or Centillion, of the outstanding Centillion special pre-emptive rights provided for in our Fifth Amended and Restated Articles of Association currently in effect (the "current Articles"), as described below in "Certain Relationships and Related Party Transactions";
- 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, 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 prior to the closing of this offering;
- 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 (income) data for each of the six month periods ended June 30, 2017 and 2016 and the statement of financial position data as of June 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) Six Months Ended June 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	$ 1,280	$ 924	$ 2,648	$ 2,115
General and administrative expenses	2,894	1,789	2,719	1,586
Total operating loss	4,174	2,713	5,367	3,701
Financial (income) expenses:				
(Income) loss from change in fair value of financial liabilities at fair value	(479)	(4,165)	(4,311)	447
Other financial expenses, net	71	56	143	134
Financial (income) expenses, net	(408)	(4,109)	(4,168)	581
Net comprehensive loss (income)	$ 3,766	$ (1,396)	$ 1,199	$ 4,282
Loss (earnings) per ordinary share (1)				
Basic	109	(41)	$ 35	$ 124
Diluted	124	44	$ 102	$ 124
Weighted average number of ordinary shares used in computing loss (earnings) per share(1)				
Basic	34,544	34,396	34,409	34,396
Diluted	47,320	51,958	51,972	34,396
Pro forma loss (earnings) per ordinary share (2) (unaudited)				
Basic				
Diluted				
Weighted average number of ordinary shares used in computing pro forma loss (earnings) 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 June 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	$ 2,340	$	$	$ $
Restricted deposits	23			
Other current assets	414			
Total current assets	2,777			
Property and equipment	227			
Intangible assets	654			
Total assets	$ 3,658	$	$	$
Accounts payable – Trade and other	1,027			
Short-term convertible loans	10,318			
Total current liabilities	11,345			
Long-term convertible loans	4,530			
Preferred shares	9,649			
Warrants to purchase preferred shares and shares	4,629			
Liability to issue preferred shares and warrants	214			
Severance pay obligations, net	56			
Total liabilities	$ 30,423	$	$	$
Capital deficiency	$ (26,765)	$	$	$
Working capital (4)	$ (8,568)	$	$	$

(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 $2.7 million and $4.2 million for the six months ended June 30, 2016 and 2017, respectively, and $3.7 million and $5.4 million for the years ended December 31, 2015 and 2016. As of June 30, 2017, we had an accumulated deficit of $34.4 million.

Our audited financial statements for the year ended December 31, 2016 and our unaudited condensed interim financial statements for the six months ended June 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 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 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 will need to grow our organization, specifically to expand our clinical development and regulatory capabilities, and we may experience difficulties in managing this growth, which could disrupt our operations.

As our clinical development and commercialization plans and strategies develop, we expect to expand our employee base for development, regulatory, managerial, operational, sales, marketing, financial and other resources. Future growth would impose significant added responsibilities on members of senior executives, including the need to identify, recruit, maintain, motivate and integrate additional employees. Also, we may need to divert a disproportionate amount of their attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. 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.

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, Canada, New Zealand and Russia. Related patent applications are pending in the United States, the European Union, Hong Kong, Brazil, India, Israel 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. For example, 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 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. 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.

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 , 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 June 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. 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 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 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.

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 June 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 June 30, 2017			
	Actual	Pro Forma	Pro forma as Adjusted	Pro forma as Further Adjusted
	(In thousands)			
Cash and cash equivalents	$ 2,340	$	$	$
Convertible loans	$ 14,848	$	$	$
Series A preferred shares of NIS 0.01 par value; 25,000 authorized, 10,222 issued and outstanding, actual; authorized, 0 issued and outstanding, pro forma; authorized, 0 issued and outstanding, pro forma as adjusted	9,649			
Series B preferred shares of NIS 0.01 par value; 35,000 authorized, 13,621 issued and outstanding, actual; authorized, 0 issued and outstanding, pro forma; authorized, 0 issued and outstanding, pro forma as adjusted	—			
Series B-1 preferred shares of NIS 0.01 par value; 17,000 authorized, 13,229 issued and outstanding, actual; authorized, 0 issued and outstanding, pro forma; authorized, 0 issued and outstanding, pro forma as adjusted	—			
Warrants to purchase preferred shares and shares	4,629			
Liability to issue preferred shares and warrants	214			
Capital deficiency:				
Ordinary shares of NIS 0.01 par value; 1,000,000 authorized, 34,544 issued and outstanding, actual; authorized, issued and outstanding, pro forma; authorized, issued and outstanding, pro forma as adjusted	*			
Other comprehensive income	41			
Other reserves	5,091			
Additional paid-in capital	2,485			
Accumulated deficit	(34,382)			
Total capital deficiency	(26,765)			
Total capitalization	$ 2,575	$	$	$

* represents an amount less than one thousand

The table above does not reflect:

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

DILUTION

Our historical deficit as of June 30, 2017, was $, 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 June 30, 2017.

Our pro forma net tangible book value (deficit) per share as of June 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 June 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) per share as of June 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 June 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 June 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 June 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 June 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 June 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 June 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
	Number	Percent	Amount	Percent	Price Per Share
Existing shareholders		%	$	%	$
New investors					
Total		100%	$	100%	$

The foregoing tables assume no exercise of the underwriters' over-allotment option or of outstanding options or warrants to purchase our shares after June 30, 2017. At June 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 October 31, 2017, the exchange rate as reported by the Bank of Israel was NIS 3.5210 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

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 six month periods ended June 30, 2017 and 2016 and the statement of financial position data for the six months ended June 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) Six Months Ended June 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	$ 1,280	$ 924	$ 2,648	$ 2,115
General and administrative expenses	2,894	1,789	2,719	1,586
Total operating loss	4,174	2,713	5,367	3,701
Financial (income) expense:				
(Income) loss from change in fair value of financial liabilities at fair value	(479)	(4,165)	(4,311)	447
Other financial expenses, net	71	56	143	134
Financial (income) expenses, net	(408)	(4,109)	(4,168)	581
Net comprehensive loss (income)	$ 3,766	$ (1,396)	$ 1,199	$ 4,282
Loss (earnings) per ordinary share (1)				
Basic	$ 109	$ (41)	$ 35	$ 124
Diluted	124	44	102	124
Weighted average number of ordinary shares used in computing basic loss (earnings) 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)	47,320	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 June 30, 2017 (In thousands)
Statements of financial position data:	
Cash and cash equivalents	2,340
Restricted deposits	23
Other current assets	414
Total current assets	2,777
Property and equipment	227
Intangible assets	654
Total assets	$ 3,658
Accounts payable- Trade and other	1,027
Short term convertible loans	10,318
Total current liabilities	11,345
Long term convertible loans	4,530
Preferred shares	9,649
Warrants to purchase preferred shares and shares	4,629
Liability to issue preferred shares and warrants	214
Severance pay obligations, net	56
Total liabilities	$ 30,423
Capital deficiency	$ (26,765)
Working capital[(1)]	$ (8,568)

(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 June 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 $1.1 million was repaid in February 2017 and the remainder 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 six months ended June 30, 2016 and 2017, our operating losses were $2.7 million and $4.2 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 June 30, 2017, we had an accumulated deficit of $34.4 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 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. Our audited financial statements for the year ended December 31,

2016 and our unaudited condensed interim financial statements for the six months ended June 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 June 30, 2017, we had sixteen 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 six months ended June 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 six months ended June 30, 2017, our research and development expenses were $1.3 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 six months ended June 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 second half of 2017 to be in the range of $ 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 first half of 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 this offering, the fair value of our ordinary shares will be determined based on the closing price of our ordinary shares on the .

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) Six Months ended June 30,		(audited) Year ended December 31,	
	2017	2016	2016	2015
	(in thousands)		(in thousands)	
Research and development	$ 104	$ 46	$ 130	$ 6
General and administrative	2,144	925	1,360	360
Total	$ 2,248	$ 971	$ 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 using the following parameters:

	June 30,	December 31,	
	2017	2016	2015
WACC	22%	22%	19%
Value of equity*	$71 million	$71 million	$76 million
Volatility	65%	77%	77%
Commencement of sales	2021-2025	2021-2025	2018-2020
Probability for success in phase 2	—	—	44%
Probability of entering Phase 2b/3 for EB612	70%	70%	
Probability for IPO/shares registration	80%	50%	50%

* The value of equity as of June 30, 2017 and 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 valuations are as follows:

	June 30,	December 31,	
	2017	2016	2015
WACC	22%	22%	19%
Commencement of sales	2021-2025	2021-2025	2018-2020
Probability of reaching sales	20.1%-37.9%	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:

	June 30,	December 31,	
	2017	2016	2015
Risk free (1)	0.99%	0.99%	0.81%
Market premium (2)	5.69%	5.69%	5.81%
Specific risk (3)	16.29%	16.29%	12.12%
Beta (4)	0.84	0.84	0.97
WACC	22%	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 using the following parameters:

	June 30,	December 31,	
	2017	2016	2015
WACC	22%	22%	19%
Value of equity*	$71 million	$71 million	$76 million
Volatility	65%	77%	77%
Commencement of sales	2021-2025	2021-2025	2018-2020
Probability for success in phase 2	—	—	44%
Probability of entering Phase 2b/3 for EB612	70%	70%	
Probability for IPO/shares registration	80%	50%	50%

* The value of equity as of June 30, 2017 and 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 Six Month Period Ended June 30, 2017 and 2016

	(unaudited) Six Months Ended June 30,		Increase (Decrease)	
	2017	2016	$	%
	(In thousands, except for percentage information)			
Expenses:				
Research and development	$ 1,280	$ 924	$ 356	38.5%
General and administrative	2,894	1,789	1,105	61.7%
Operating loss	4,174	2,713	1,461	53.8%
Financial (income) expenses, net	(408)	(4,109)	3,701	—
Net loss (income)	$ 3,766	$ (1,396)	$ 5,162	—

Research and development expenses. Research and development expenses for the six months ended June 30, 2017 were $1.3 million, compared to $0.9 million for the six months ended June 30, 2016, an increase of $0.4

million, or 38.5%. The increase in research and development expenses was primarily due to an increase of $0.2 million primarily related to expenses for subcontractors and CROs for our ongoing Phase 1 study and certain toxicology studies, and $0.1 million for salaries and related employee expenses resulting from an increase in the number of employees, including an increase in share-based compensation.

General and administrative expenses. General and administrative expenses for the six months ended June 30, 2017 were $2.9 million, compared to $1.8 million for the six months ended June 30, 2016, an increase of $1.1 million, or 61.7%. The increase in general and administrative expenses was primarily due to an increase of $1.4 million in salaries and related employee expenses of which $1.2 million resulted from an increase in share-based compensation expenses, offset by a decrease of $0.3 million in expenses for professional services and other services in the prior year period, which relate to the 2016 Convertible Loan transaction.

Financial income, net. Financial income, net for the six months ended June 30, 2017 was $0.4 million, compared to $4.1 million for the six month period ended June 30, 2016. Financial income, net for the six months ended June 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 six months ended June 30, 2017 and 2016, we recorded a gain of $0.5 million and $4.2 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	$ 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 six months ended June 30, 2016 and 2017, our operating losses were $2.7 million and $4.2 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 June 30, 2017, we had an accumulated deficit of $34.4 million. Since our inception and through December 31, 2016, 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 (the remainder was converted in October 2017 to Series B-1 preferred shares), of which an amount of approximately $1.1 million was repaid in February 2017, 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 six months ended June 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

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016 (unaudited)

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

	Six Months ended June 30,	
	2017	**2016**
	(in thousands)	
Cash used in operating activities	$ (1,850)	$ (1,030)
Cash provided by (used in) investing activities	1,007	(1,089)
Cash (used in) provided by financing activities	(980)	6,766
Foreign exchange differences on cash and cash equivalents	—	—
Net (decrease) increase in cash and cash equivalents	$ (1,823)	$ 4,647

Net Cash Used in Operating Activities

Net Cash used in operating activities for the six months ended June 30, 2017 was $1.9 million, arising mainly from research and development expenses and general and administrative expenses, partially offset by $2.2 million of share-based compensation and by a $0.2 million decrease in working capital.

Net Cash used in operating activities for the six months ended June 30, 2016 was $1.0 million, arising mainly from research and development expenses and general and administrative expenses, partially offset by $1.0 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 paid after June 30, 2016.

The increase in cash used in operating activities for the six months ended June 30, 2017 compared to the same period of 2016, was mainly due to an increase of $0.2 million for subcontractors and CROs for our ongoing Phase 1 study and certain toxicology studies, and $0.3 million in expenses for salaries and related employee expenses in addition to an increase for professional services of $0.2 million.

Net Cash Provided by (Used in) Investing Activities

Net Cash Provided by investing activities for the six months ended June 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 six months ended June 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 six months ended June 30, 2017 resulted from the repayment of a portion of the 2015 Convertible Loan.

Net Cash provided by financing activities for the six months ended June 30, 2016 resulted from net proceeds of $6.8 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:

Contractual Obligations	Payments due by period				
	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.

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 amounts 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 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 As of June 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.

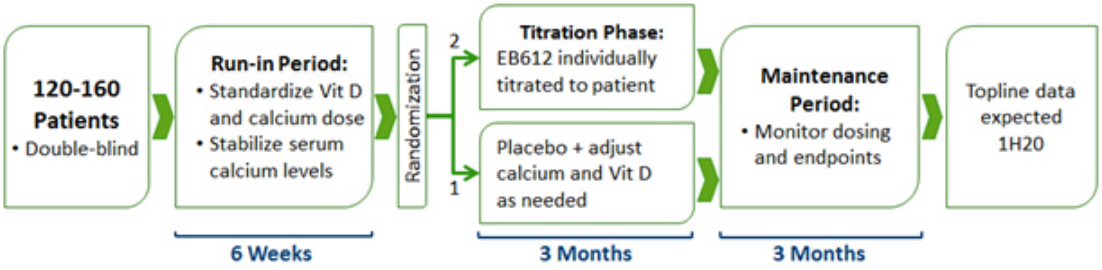
BUSINESS

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 further 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.

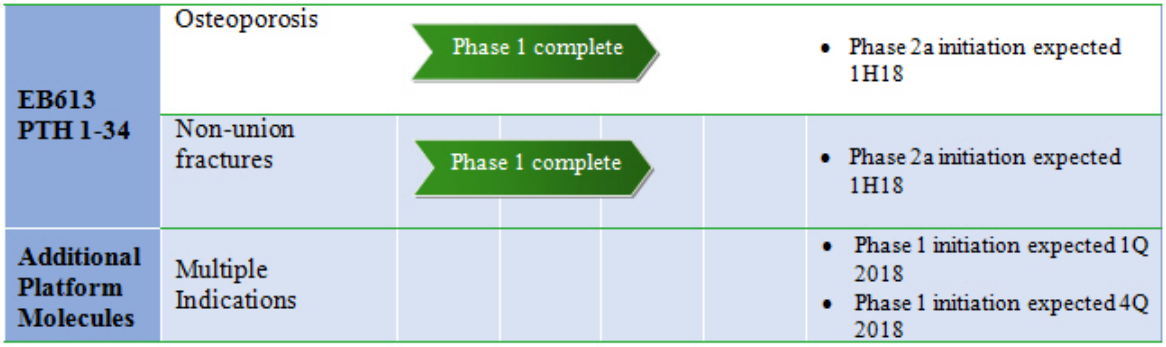
Our product candidates utilize our proprietary technology for the oral delivery of large molecules. Drug development has shifted towards the use of peptides, proteins and other large molecules for the treatment of various diseases. Between 1993 and 2004, large-molecule clinical approval success rates 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	Hypoparathyroidism	Phase 2a complete				• Phase 2a complete • Pivotal Phase 2b/3 initiation expected 3Q18 • Topline Data expected 1H20



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. When we complete this trial in 2018, we subsequently 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, expect 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
Additional Platform Molecules	Additional Indications		Preclinical	Phase 1 initiation expected Q1 2018 Phase 1 initiation expected Q4 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.

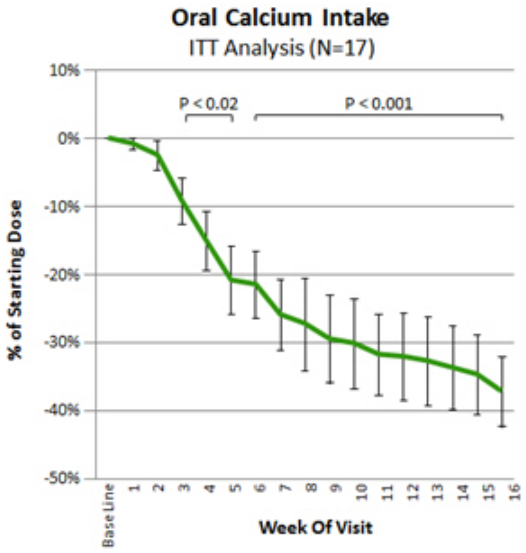
We believe that EB612 will have inherent advantages compared to injectable forms, including convenience of application, the fact that no special preparations are required and the fact that no restrictive storage conditions are necessary. Additionally, based on the results of our preliminary studies, 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.

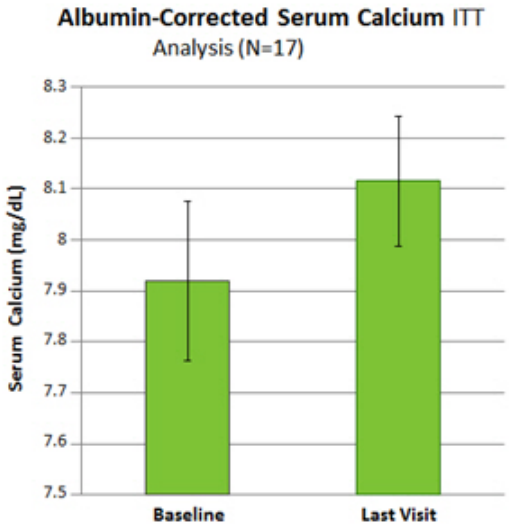
Phase 2a Clinical Trial

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.

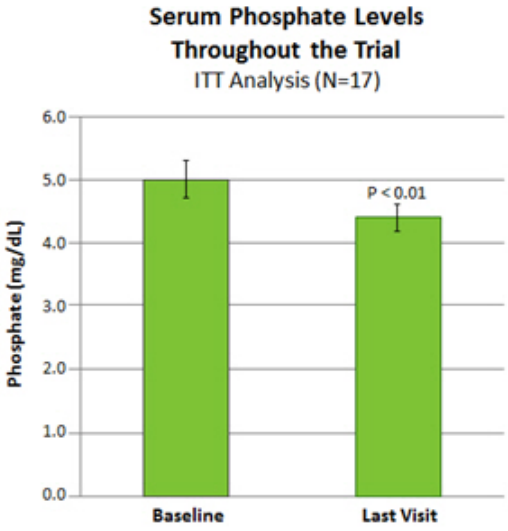
While we have not conducted direct head-to-head studies comparing EB612 to Natpara, based on a review of the clinical data presented in Natpara's REPLACE study and our Phase 2a results, we believe EB612 potentially provides a more favorable therapy for hypoparathyroidism patients. Although our Phase 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.

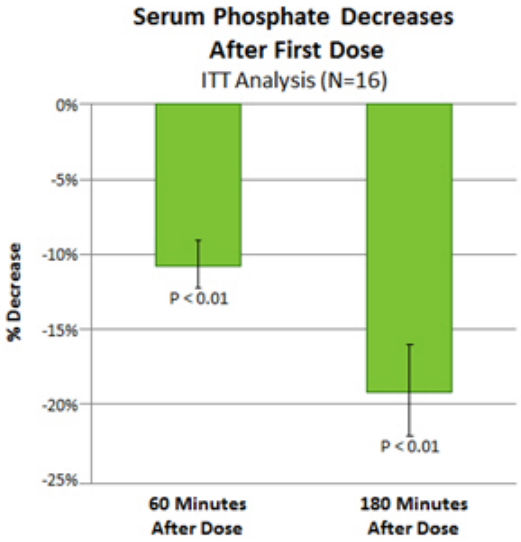
Primary endpoints: Calcium intake reduced while serum levels were maintained or improved during Phase 2a





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.'

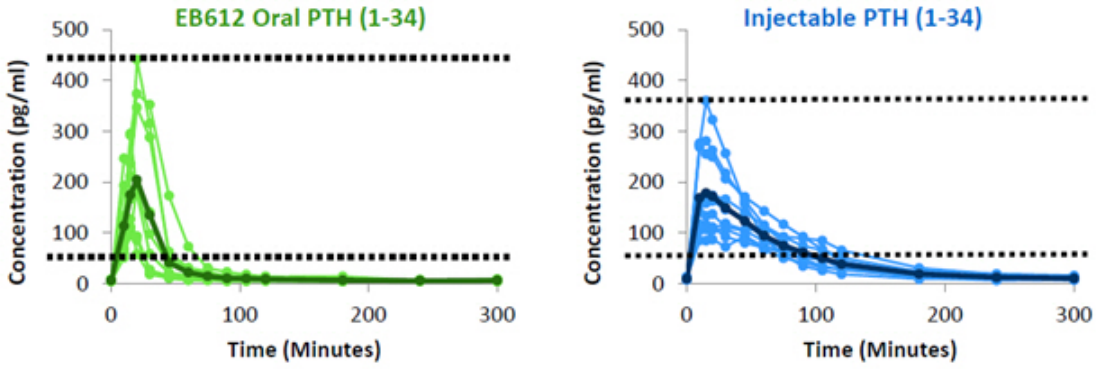
Based on consultations with key opinion leaders in the hypoparathyroidism field who have reviewed our Phase 2a results and are familiar with the REPLACE study, we are planning for a Phase 2b/3 trial, designed to possibly be a pivotal study for registration. This Phase 2b/3 study will be designed to repeat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

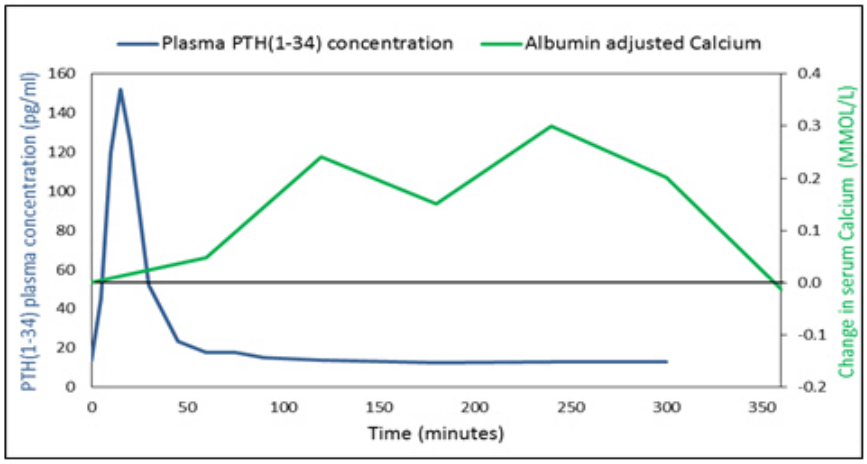
Following proof-of-concept and safety studies in various animal models, we conducted a Phase 1a clinical trial to assess the safety and pharmacokinetic profile of our oral PTH. The clinical trial was designed as a three-stage study in 42 healthy volunteers. The first stage, in which 24 subjects participated, 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.

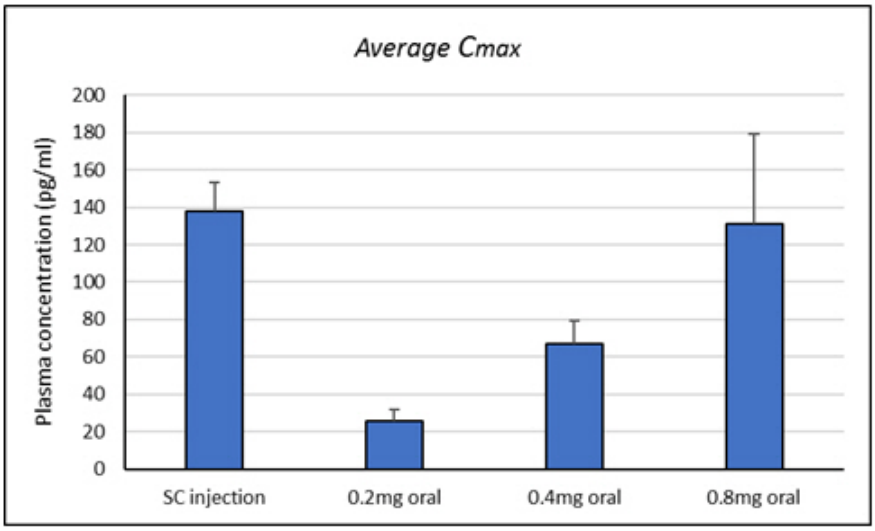
Analysis of the PD profile of our oral PTH (1-34) indicated that a biomarker of PTH activity, cyclic AMP, was activated in a similar manner to that of injectable PTH (1-34) Furthermore, analysis of serum calcium indicated that an increase can be obtained by a single dose of our oral PTH (1-34) as indicated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

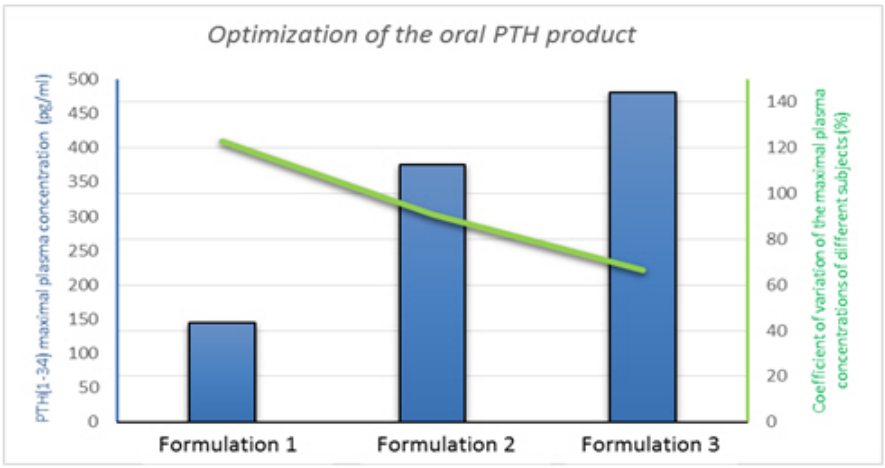
These data effectively show that oral PTH (1-34) reaches the circulation, remains intact and has biological potency similar to that observed with injectable PTH (1-34). At present, we estimate that there are at least four million patient years' experience with injectable PTH (1-34). We believe that reaching 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.

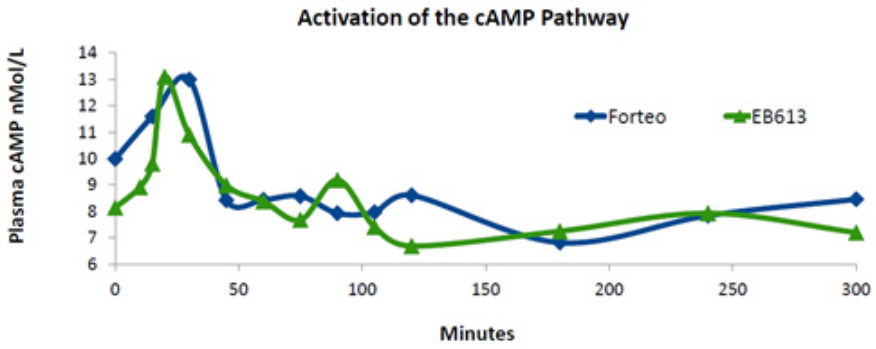
Preclinical and Clinical Development of EB613

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.

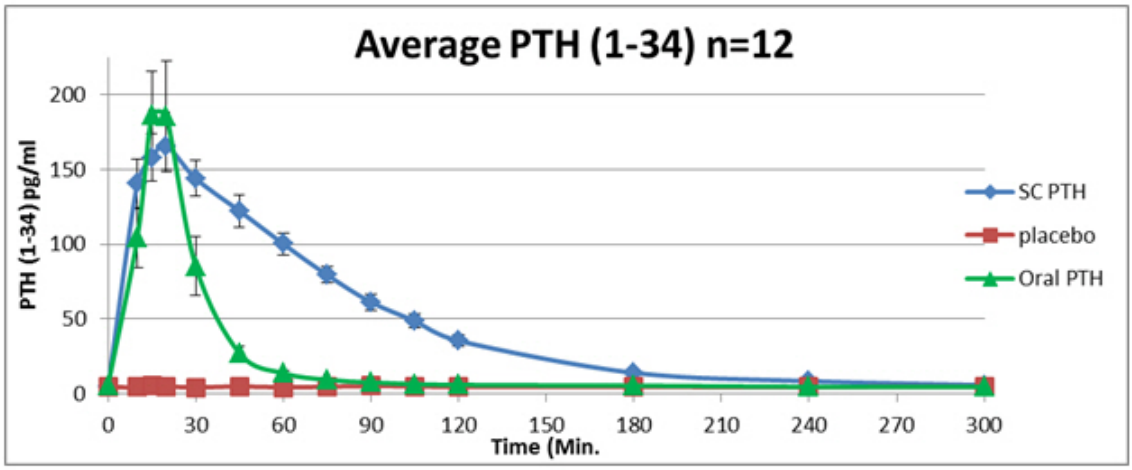
EB613: Favorable Pharmacodynamic Profile

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 June 30, 2017, the total royalty amount payable to the IIA, including accrued interest, was approximately $0.5 million. As of June 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, Canada, New Zealand 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 and specifically in the United States, these applications are in advanced stages of acceptance or allowance which would further cover EB612 and EB613. 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 established in June 2010 as a joint venture of D.N.A Biomedical and Oramed to pursue the development of pharmaceutical products for the oral delivery of proteins. In connection with our founding, Oramed licensed to us the use of certain of its patent rights relating to the oral delivery of 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 October 31, 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
Zeev Bronfeld	66	Director
David Ben Ami	56	Director
Chaim Davis	39	Director
Gerald Lieberman	70	Director
Yonatan Malca	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) To be appointed as a member of our Nominating and Governance Committee.

(4) Independent director under the rules of .

(5) To be nominated as an external director under the Companies Law. See "—External Directors."

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.

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 has more than 25 years of experience with activities in management, business development and corporate strategy in the life sciences industry. He served as chief executive officer of NVR Labs from 2005 to 2010, country director of Boston Scientific, Israel from 2003 to 2005, and director of business development of Teva Israel from 1999 to 2003. In 2008, he co-founded Macrocure. Until January 2017, Mr. Ben-Ami served as the chairman of the board of directors of Macrocure, and he currently sits on the board of directors of Degania Silicone 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 undertaking to nominate one director nominee designated by Centillion Fund following the closing of this offering, see "—Arrangements for Election of Directors."

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 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.

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.

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.

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.

Following this offering, our board of directors will consist of directors. In addition, we have nominated and as our external directors, and whose appointment would fulfill the requirements of the Companies Law that we have two external directors. See "—External Directors." These two directors, as well as , would also 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.

According to our amended Articles, the number of members of our board of directors must be at least and cannot be more than . 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 , and , respectively. The members of the classes at the closing of this offering will be divided as follows:

- the Class I directors are and ;
- the Class II directors are and ; and
- the Class III directors are and .

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). Our external directors must be elected by our shareholders no later than three months following the completion of this offering. We have nominated and to serve as our external directors.

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 meets such qualifications.

In addition, our board of directors has determined that , and , who have been nominated to serve on our audit committee, are financially literate as determined in accordance with the NASDAQ Capital Market listing requirements and that 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 consist of (Chairman), and , and will comply with 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. All of the members will be external directors or independent directors as defined in the Companies Law. 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 of (Chairman), and , and will comply with 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. See "— Corporate Governance Practices" above.

Nominating and Governance Committee

In accordance with the NASDAQ Capital Market listing requirements, upon completion of this offering we will have a nominating and governance committee comprised solely of independent directors. Upon the completion of this offering, the nominating and governance committee will consist of (Chairman), and . The responsibilities of our nominating and governance committee include overseeing and assisting our board of directors in reviewing and recommending nominees for election as directors, assessing the performance of the members of our board of directors, and establishing and maintaining effective corporate governance policies and practices, including, but not limited to, developing and recommending to our board a set of corporate governance guidelines applicable to our company.

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. Our amended Articles provide that such a transaction, if it does not relate to the director's or officer's compensation terms, may be approved by any of our board of directors, our audit committee, or a disinterested officer or director. 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 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 June 30, 2017, a total of 444 ordinary shares remained available for issuance under the Plan. As of that date, 9,638 ordinary shares were issuable upon the exercise of outstanding awards under the Plan, at a weighted-average exercise price of $218.25 per share. Of the foregoing outstanding awards, options to purchase 7,442 ordinary shares, in the aggregate, had vested under the Plan as of that date, with a weighted-average exercise price of $148.33 per share.

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, we are not allowed to deduct an expense with respect to the grant or issuance of such shares or awards.

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.

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.

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. 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 now 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 now 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 the second milestone was extended to July 20, 2019 and that the second milestone is deemed to include any transaction pursuant to which our shares will be listed for trading on NASDAQ.

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 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.

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.

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.

Service Agreements

In April 2017, the Company entered into a Service Agreement with our director Luke Beshar, 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 has committed to grant Mr. Beshar options to purchase ordinary shares of the Company representing 6.5% of the Company's fully-diluted share capital. 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. Following the Series B preferred shares placement, 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.

In April 2017, 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 has committed to grant Mr. Garceau options to purchase ordinary shares of the Company representing 1.5% of the Company's fully-diluted share capital. 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. Following the Series B preferred shares placement, 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.

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, and $6,500 per month.

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 , 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 , 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.

All of our shareholders, including the shareholders listed below, have the same voting rights attached to their 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 (Israre), 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%				
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)	2,752	3.7%				
David Ben Ami (12)	2,416	3.3%				
Gerald Lieberman (13)	1,152	1.6%				
Chaim Davis (14)	971	1.3%				
Dr. Roger J. Garceau (15)	1,245	1.7%				
Mira Rosenzweig (16)	*	*				
Dr. Hillel Galitzer (17)	*	*				
All executive officers and directors as a group (11 persons) (18)	44,898	54.2%				

* 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 October 31, 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 , 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 October 31, 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, whose address is at , is controlled by .

(5) Consists of (i) 5,534 Series B preferred shares transferred by D.N.A Biomedical to Capital Point, whose address is at .

(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 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 .

(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 October 31, 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 and .

(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 October 31, 2017, (iii) 31 Series B-1 preferred shares to be issued upon the exercise of the 2016 Warrants, (iv) options to acquire 1,888 ordinary shares exercisable within 60 days of October 31, 2017, with an exercise price of $ 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 October 31, 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) 824 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 October 31, 2017, with an exercise price of $240.26 per share and expiring on September 1, 2019, (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 436 ordinary shares exercisable within 60 days of October 31, 2017, with an exercise price of $ 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 October 31, 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 October 31, 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 October 31, 2017, the number of our ordinary shares outstanding was 34,544, and an additional 18,216 ordinary shares were issuable upon the exercise of outstanding options granted to our officers and employees, at a weighted-average exercise price of $ per share. 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 October 31, 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 October 31, 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, as a result, the exercisable period for such warrant is two years following October 4, 2017.

Applicable Shares. The class of shares that can be acquired upon exercise of the additional warrants will be type of shares issued in such a triggering event.

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 preferred B 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 October 31, 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.

E xercisability . 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 amended 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 of Series B warrant, 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 current Articles, which is to engage in any lawful activity. In addition, our current Articles 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 our current Articles, our board of directors may exercise all powers and take all actions that are not required under the Companies Law or under our current Articles 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 current Articles, our board of directors must consist of not less than but no more than directors. Pursuant to our current Articles, 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 current Articles 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 current Articles. Furthermore, under our current Articles, 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 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 following the consummation of this offering.

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 under the symbol " ."

Transfer Agent and Registrar

Upon listing of our ordinary shares for trading on , the transfer agent and registrar for the ordinary shares will be

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 high income 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 high income 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 high income 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 high income 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 June 30, 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 and 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 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. 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
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 .

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*.

T axation 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	$
listing fee	
FINRA filing fee	
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 , with respect to Israeli law, and by , 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

Kesselman & Kesselman, Trade Tower, 25 Hamered Street, Tel-Aviv 6812508, Israel,
P.O Box 50005 Tel-Aviv 6150001 Telephone: +972 -3- 7954555, Fax:+972 -3- 7954556, www.pwc.com/il

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		
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

ENTERA BIO LTD.

NOTES TO 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.

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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%

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

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.

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

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.

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 12 - SUPPLEMENTARY FINANCIAL INFORMATION (continued)**:**

b. Accounts payable - other:

	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

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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:

	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

ENTERA BIO LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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)

	June 30, 2017	December 31, 2016
	(Unaudited)	(Audited)
	U.S. dollars in thousands	
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	2,340	4,163
Restricted deposits	23	1,075
Other current assets	414	195
TOTAL CURRENT ASSETS	2,777	5,433
NON-CURRENT ASSETS:		
Property and equipment, net	227	199
Intangible assets	654	654
TOTAL NON-CURRENT ASSETS	881	853
TOTAL ASSETS	3,658	6,286
Liabilities net of capital deficiency		
CURRENT LIABILITIES:		
Accounts payable:		
Trade	255	53
Other	772	604
Convertible loans	10,318	9,885
TOTAL CURRENT LIABILITIES	11,345	10,542
NON-CURRENT LIABILITIES:		
Convertible loans	4,530	4,835
Preferred shares A	9,649	11,031
Warrants to purchase preferred shares A and shares	4,629	4,800
Liability to issue preferred shares A and warrants	214	273
Severance pay obligations, net	56	51
TOTAL NON-CURRENT LIABILITIES	19,078	20,990
TOTAL LIABILITIES	30,423	31,532
CAPITAL DEFICIENCY:		
Ordinary shares	*	*
Accumulated other comprehensive income	41	41
Other reserves	5,091	2,844
Additional paid in capital	2,485	2,485
Accumulated deficit	(34,382)	(30,616)
TOTAL CAPITAL DEFICIENCY	(26,765)	(25,246)
TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY	3,658	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)

	Six months ended June 30		Three months ended June 30	
	2017	2016	2017	2016
	U.S. dollars in thousands		U.S. dollars in thousands	
RESEARCH AND DEVELOPMENT EXPENSES	1,280	924	601	521
GENERAL AND ADMINISTRATIVE EXPENSES	2,894	1,789	2,392	1,227
OPERATING LOSS	4,174	2,713	2,993	1,748
FINANCIAL EXPENSES (INCOME):				
Loss (income) from change in fair value of financial liabilities at fair value	(479)	(4,165)	(742)	241
Other financial expenses	71	56	8	45
FINANCIAL LOSS (INCOME), net	(408)	(4,109)	(734)	286
NET LOSS (INCOME) and NET COMPREHENSIVE LOSS (INCOME) FOR THE PERIOD	3,766	(1,396)	2,259	2,034
	U.S. dollars		U.S. dollars	
LOSS (EARNINGS) PER ORDINARY SHARE -				
Basic	109.02	(40.59)	65.39	59.13
Diluted	123.86	43.86	77.87	59.13
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING -				
Basic	34,544	34,396	34,544	34,396
Diluted	47,320	51,958	44,766	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 SIX MONTHS ENDED JUNE 30, 2016:							
Net income for the period	-	-	-		-	1,396	1,396
Share-based compensation	-	-	-	972	-	-	972
BALANCE AT JUNE 30, 2016	34,396	*	41	2,326	2,335	(28,021)	(23,319)
BALANCE AT JANUARY 1, 2017	34,544	*	41	2,844	2,485	(30,616)	(25,246)
CHANGES FOR SIX MONTHS ENDED JUNE 30, 2017:							
Net loss for the period	-	-	-		-	(3,766)	(3,766)
Share-based compensation	-	-	-	2,247	-	-	2,247
BALANCE AT JUNE 30, 2017	34,544	*	41	5,091	2,485	(34,382)	(26,765)

*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

	Six months ended June 30	
	2017	**2016**
	(Unaudited)	
	U.S. dollars in thousands	
CASH FLOWS USED IN OPERATING ACTIVITIES:		
Net (loss) income for the period	(3,766)	1,396
Adjustments required to reflect net cash used in operating activities (see appendix A)	1,916	(2,426)
Net cash used in operating activities	(1,850)	(1,030)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Decrease (increase) in restricted deposits	1,054	(1,074)
Purchase of property and equipment	(47)	(15)
Net cash provided by (used in) investing activities	1,007	(1,089)
CASH FLOWS (USED IN) PROVIDED BY FINANCING ACTIVITIE:		
Proceeds from convertible loan and warrants, net	-	6,766
Payment for maturity of Convertible loans	(980)	-
Net cash (used in) provided by financing activities	(980)	6,766
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,823)	4,647
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	2,340	5,852

*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)

	Six months ended June 30	
	2017	**2016**
	(Unaudited)	
	U.S. dollars in thousands	
APPENDIX A:		
Adjustments required to reflect net cash used in operating activities:		
Depreciation	19	17
Gain from change in fair value of financial liabilities at fair value	(479)	(4,165)
Issuance costs related to convertible loans and warrants	-	363
Financial expenses	47	59
Net changes in severance pay	5	22
Share-based compensation	2,247	972
	1,839	(2,732)
Changes in working capital:		
(Increase) decrease in other current assets	(219)	276
Increase (decrease) in accounts payable and accruals:		
Trade	202	(194)
Other	168	224
	151	306
Cash used for operating activities -		
Interest paid	(74)	-
	1,916	(2,426)
APPENDIX B:		
Supplementary information on financing activities not involving cash flows:		
Convertible loan and Warrants		600
Issuance costs regarding convertible loan and warrants		300

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

ENTERA BIO LTD.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

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 June 30, 2017, accumulated losses in the amount of $34,382 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 June 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.

   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 June 30, 2017 and for the six 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 six months ended June 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.

ENTERA BIO LTD.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

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 June 30, 2017:			
Trade and other payable	-	1,027	1,027
Convertible loans	14,848	-	14,848
Preferred shares A	9,649	-	9,649
Warrants to purchase preferred shares A and shares	4,629	-	4,629
Liability to issue preferred shares A and warrants	214	-	214
	29,340	1,027	30,367
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 or identical to their book value.

ENTERA BIO LTD.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 4 – FINANCIAL RISK MANAGEMENTAND FINANCIAL INSTRUMENTS:

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:

	June 30 2017	December 31 2016
WACC	22%	22%
Value of equity	million $71	million $71
Volatility	65%	77%
Commencement of sales	2021-2025	2021-2025
Probability of entering Phase 2b/3 for Hypo	70%	70%
Probability for IPO /shares registration	80%	50%

	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	1,133	(1,382)	(171)	(59)	(479)
Balance as of June 30, 2017	14,848	9,649	4,629	214	29,340

	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	59				59
Changes in fair value	(670)	(2,348)	(643)	(504)	(4,165)
Balance as of June 30, 2016	13,552	10,714	5,008	1,650	30,924

ENTERA BIO LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

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. See also note 8(c). 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.

   The Company treated the awards as performance-based awards. Given that the performance condition was probable as of June 30, 2017, the Company recognized expenses with respect to this grant.

   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. Garceau a sum equal to the lower of (i) 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. Garceau of $1,000,000; or (ii) $3,619,254.

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 automatically conversion of the 2016 convertible loan and warrants see note 8(c).

NOTE 7 – BASIC AND DILUTED LOSS (EARNINGS) 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 and 2012 Convertible Loan have been excluded from the calculation of the diluted loss per share for the six months ended June 30, 2017 since their effect was anti-dilutive. The total number of ordinary shares related to the outstanding options and 2012 Convertible Loan excluded from the calculation of diluted loss per share was 14,057 for the six months ended June 30, 2017.

ENTERA BIO LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

NOTE 7 – BASIC AND DILUTED LOSS (EARNINGS) PER SHARE (continued):

All outstanding options, 2012 Convertible Loan and warrants to preferred shares A have been excluded from the calculation of the diluted loss per share for the three months ended June 30, 2017 since their effect was anti-dilutive. The total number of ordinary shares related to the outstanding options, 2012 Convertible Loan and warrants to preferred shares A excluded from the calculation of diluted loss per share was 17,139 for the three months ended June 30, 2017.

All outstanding options have been excluded from the calculation of the diluted loss per share for the six months ended June 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 7,670 for the six months ended June 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 June 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 25,789 for the three months ended June 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 six months and the three months ended June 30, 2017 and June 30, 2016 as the conversion terms depend on future events.

	Six months ended June 30		Three months ended June 30	
	2017	2016	2017	2016
	U.S. dollars (except for share numbers)		U.S. dollars (except for share numbers)	
Loss (income) attributable to equity holders of the Company	3,766,000	(1,396,000)	2,259,000	2,034,000
Income from change in fair value of financial liabilities at fair value	2,095,000	3,675,000	1,227,000	-
Loss used for the computation of diluted loss per share	5,861,000	2,279,000	3,486,000	2,034,000
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	-	-
Preferred shares A	10,222	10,222	10,222	-
Warrants to issue preferred shares A	2,554	2,554	-	-
	12,776	17,562	10,222	-
Weighted average number of Ordinary Shares used in the computation of diluted loss per share	47,320	51,958	44,766	34,396
Basic loss (earnings) per Ordinary Share	109.02	(40.59)	65.39	59.13
Diluted loss per Ordinary Share	123.86	43.86	77.87	59.13

ENTERA BIO LTD.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(UNAUDITED)

NOTE 8 - SUBSEQUENT EVENTS

a. On July 20, 2017, the Company approved the amendment to the preferred share A purchase agreement with the preferred shareholders (the "Investors"). Pursuant to the amendment the date for the second milestone was extended from October 1, 2017 to July 20, 2019 and following the occurrence of the second milestone and until July 20, 2019, the Investors shall have the option, at their sole discretion, to invest any or all of the milestone investment amount. In addition, the exercise terms of the additional warrants granted to the Investors in 2015 were changed to a period of two year following the event of 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.

b. On October 4, 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. 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 interest parties participated in the Preferred B Financing and purchased 130 Series B preferred shares in an amount of $118,268.

   In addition, the Company issued to a broker dealer, 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 interest 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.

c. 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 will be determined based on an external valuation.

d. 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.

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 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 and , as the underwriters, of $ of our ordinary shares (or ordinary shares assuming 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.

, 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 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 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

* 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)

(3)

(4)

(5)

(6)

(7)

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%).

[Alternate Page for Selling Stockholder Resale Prospectus]

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).

[Alternate Page for Selling Stockholder Resale Prospectus]

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.

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, 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 in consequence of an act done in his 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 in favor of a third party;
- a payment imposed on him 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 in connection with a proceeding under Chapters H'3, H'4 or I'l of the Israeli Securities Law.

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 in consequence of an action taken by him in his capacity as such, as follows:

- a financial obligation imposed on him pursuant to a judgment in favor of another person, including a judgment imposed on him in a settlement or in an arbitration decision that was approved by a court of law;
- reasonable legal expenses, including attorney's fees, expended by him as a result of an investigation or proceeding instituted against him by a competent authority, provided that such investigation or proceeding concluded without the filing of an indictment against him and either (A) concluded without the imposition of any financial liability in lieu of criminal proceedings, or (B) 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;
- reasonable legal expenses, including attorney's fees, which he incurred or with which he was charged by a court of law, in a proceeding brought against him, by us or on our behalf or by another person, or in a criminal prosecution in which him was acquitted, or in a criminal prosecution in which he was convicted of an offense that does not require proof of criminal intent
- a payment imposed on him 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 the director or officer in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Israeli Securities Law.

Exemption. We are entitled to exempt a director or officer in advance from any or all of his liability for damage in consequence of a breach of the duty of care toward us, except in connection with illegal distributions to shareholders.

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 toward the company, unless, with respect to insurance coverage or indemnification, the director or officer acted in good faith and had a reasonable basis to believe that the act would not harm us;
- an intentional or reckless breach of the duty of care;
- an act done with the intention of illegally deriving a personal profit; or
- a fine imposed on the director or officer.

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.

- 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.

- 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 on October 4, 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 certain parties warrants to purchase up to 460 of the applicable shares..

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*	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*	Opinion of Herzog Fox & Neeman, Israeli counsel to the Registrant, as to the validity of the ordinary shares.
8.1*	Opinion of Herzog Fox & Neeman, Israeli counsel to the Registrant, as to Israeli tax matters.
8.2*	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 July 20, 2017, between the Registrant and Centillion Fund.
10.9	Series B Preferred Share Purchase Agreement, dated as of October 4, 2017 and October 25, 2017, between the Registrant and the other parties thereto.

Exhibit No.	Description
10.10	Amended and Restated Investors' Rights Agreement, dated as of October 4, 2017, between the Registrant and the other parties thereto.
10.11*	Form of indemnification agreement between the Registrant and its directors and executive officers.
10.12	Convertible Financing Agreement, dated as of June 14, 2016, among the Registrant and the lenders thereto.
10.13	Service Agreement, dated April 6, 2017, between Roger Garceau and the Company.
10.14	Service Agreement, dated April 6, 2017, between Luke Beshar and the Company.
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 and 8.1).
23.3*	Consent of Davis Polk & Wardwell LLP (included in Exhibit 8.2)
24.1*	Powers of Attorney (included on signature page).

*To be filed by amendment.

(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

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24.1*	Powers of Attorney (included on signature page).

*To be filed by amendment.

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
, 2017.

ENTERA BIO LTD.

By: _____
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
Dr. Phillip Schwartz	Chief Executive Officer (Principal Executive Officer) and Director	, 2017
Mira Rosenzweig	Chief Financial Officer (Principal Financial and Accounting Officer)	, 2017
Luke M. Beshar	Chairman of the Board	, 2017
David Ben Ami	Director	, 2017
Chaim Davis	Director	, 2017
Roger Garceau	Director	, 2017
Gerald Lieberman	Director	, 2017
Yonatan Malca	Director	, 2017
Zeev Bronfeld	Director	, 2017

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 on , 2017.

By: _____
Name:
Title:

Exhibit 3.1

THE COMPANIES LAW, 5759 - 1999

A PRIVATE COMPANY LIMITED BY SHARES

FIFTH AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

ENTERA BIO LTD.

GENERAL PROVISIONS

1. Definitions; Interpretation

(a) In these Fifth Amended and Restated Articles of Association, the following terms shall have the meaning appearing opposite them, unless another interpretation is expressly stated herein:

"**Articles**"	These Fifth Amended and Restated Articles of Association;
"**As-Converted Basis**"	The number of Ordinary Shares into which the Preferred Shares are convertible at the time of the relevant calculation.
"**Board of Directors**"	The Board of Directors of the Company;
"**Business Day**"	A day on which customer services are provided by a majority of the commercial banks in Israel;
"**Centillion**"	Centillion Fund
"**Companies Law**"	The Companies Law, 5759 – 1999, as the same shall be amended from time to time, or any other law which shall replace that Law, together with any amendments thereto;
"**Companies Ordinance**"	Those sections of the Companies Ordinance [New Version] 5743 – 1983, that remain in force after the date of the coming into force of the Companies Law, as the same shall be amended from time to time thereafter, or any other law which shall replace those sections after the date of entry into force of the Companies Law;
"**Company**"	Entera Bio Ltd.;

"**Director(s)**"	The members of the Board of Directors elected or appointed in accordance with these Articles holding office at any given time;
"Eligible Shareholder"	(a) any holder of Preferred Shares that holds five percent (5%) or more of the issued and outstanding share capital of the Company on As-Converted Basis, or (b) the Founding Shareholder provided that it holds by itself or together with its Permitted Transferees five percent (5%) or more of the issued and outstanding share capital of the Company.
"Founding Shareholder"	D.N.A. Biomedical Solutions Ltd. (formerly, Laser Detect Systems Ltd.).
"**Office Holder**"	Every Director and every officer of the Company, defined as "Nosei Misra" in the Companies Law;
"**Ordinary Shares**"	The Company's Ordinary Shares, nominal value NIS 0.01 each.
"**Original Issue Date**"	The applicable date on which the Series A Preferred Shares, Series B Preferred Shares and Series B-1 Preferred Shares were issued by the Company.
"Original Issue Price"	Original Series A Issue Price, Original Series B Issue Price, or Original Series B-1 Issue Price, as applicable.
"**Original Series A Issue Price**"	US$ 479.37617 per Series A Preferred Share, subject to adjustment for any share split or dividend, share combination, subdivision or other recapitalization of the Series A Preferred Shares.
"**Original Series B Issue Price**"	US$ 908.78 per Series B Preferred Share, subject to adjustment for any share split or dividend, share combination, subdivision or other recapitalization of the Series B Preferred Shares.
"**Original Series B-1 Issue Price**"	US$ 681.59 per Series B-1 Preferred Share, subject to adjustment for any share split or dividend, share combination, subdivision or other recapitalization of the Series B-1 Preferred Shares.
"Preferred Shares"	Means the Series A Preferred Shares, the Series B Preferred Shares and the Series B-1 Preferred Shares.
"Preferred B Class"	The Series B Preferred Shares and the Series B-1 Preferred Shares.

"**Register of Shareholders**"	The register of shareholders of the Company that must be maintained pursuant to Section 127 of the Companies Law.
"Securities"	All shares of the Company, including any other securities convertible or exercisable into such shares.
"**Series A Preferred Shares**"	Series A Preferred Shares of the Company, nominal value NIS 0.01 each.
"**Series B Preferred Shares**"	Series B Preferred Shares of the Company, nominal value NIS 0.01 each.
"**Series B-1 Preferred Shares**"	Series B-1 Preferred Shares of the Company, nominal value NIS 0.01 each.
"**Shareholders**"	The shareholders of the Company, at any given time.
"**SPA Series A**"	The Series A Preferred Share Purchase Agreement by and among Centillion and the Company dated as of January 29, 2014, as may be amended from time to time.
"**SPA Series B**"	The Series B Preferred Share Purchase Agreement by and among the Company and the Investors listed therein, dated as of ____ 2017, as may be amended from time to time.

(b) Interpretation

(i) Unless the subject or the context otherwise requires: words and expressions defined in the Companies Law, and in the Companies Ordinance, on the date when these Articles or any amendment thereto, as the case may be, first became effective shall have the same meanings herein; words and expressions importing the singular shall include the plural and vice versa; words and expressions importing the masculine gender shall include the feminine gender; and words and expressions importing persons shall include bodies corporate.

(ii) The captions in these Articles are for convenience only and shall not be deemed a part hereof or affect the construction of any provision hereof.

(iii) In the event that a Hebrew version of these Articles is filed with any regulatory or governmental agency, including the Israeli Registrar of Companies, then whether or not such Hebrew version contains signatures of Shareholders, such Hebrew version shall be considered solely a convenience translation and shall have no binding effect, as between the Shareholders of the Company and with respect to any third party. The English version shall be the only binding version of these Articles, and in the event of any contradiction or inconsistency between the meaning of the English version and the meaning of the Hebrew version of these Articles, the Hebrew version shall be disregarded, shall have no binding effect and shall have no impact on the interpretation of these Articles or any provision hereof.

2. The Company and its Purpose

(a) The purpose of the Company is to engage in any lawful activity.

(b) In accordance with Section 11(a) of the Companies Law, the Company may contribute reasonable amounts for any charitable cause, even if any such contribution does not fall within business considerations of the Company. The Board of Directors shall determine the amounts of the contributions, the purpose or category of purposes for which the contribution is to be made, and the identity of the recipients of any contribution.

3. Limitation of Liability

The liability of the shareholders is limited to the payment of the nominal value of the shares in the Company allotted to them and which remains unpaid, and only to that amount. If the Company's share capital shall include at any time shares without a nominal value, the shareholders' liability in respect of such shares shall be limited to the payment of up to NIS 0.01 for each such share allotted to them and which remains unpaid, and only to that amount.

3A. Private Company

The Company is a private company, and accordingly, the right to transfer shares is restricted in the manner hereinafter prescribed.

SHARE CAPITAL

4. Share Capital

(a) The share capital of the Company is Ten Thousand and Seven Hundred and Seventy New Israeli Shekels (NIS 10,770) divided into:
   (i) One Million (1,000,000) Ordinary Shares;
   (ii) Twenty Five Thousand (25,000) Series A Preferred Shares;
   (iii) Thirty Five Thousand (35,000) Series B Preferred Shares; and
   (iv) Seventeen Thousand (17,000) Series B-1 Preferred Shares.

(b) Rights of Ordinary Shares. Each Ordinary Share in respect of which all calls have been fully paid shall confer upon the holders thereof all rights accruing to a shareholder of the Company except for all such rights conferred solely to a holder of Series A Preferred Shares or Preferred Shares of the Company (as applicable), as provided in these Articles, including, *inter alia*, the right to receive notices of, and to attend, meetings of the shareholders; for each share held - the right to one vote at all shareholders' meetings for all purposes; and to share equally, on a per share basis and on As-Converted Basis, in such dividends as may be declared by the Board of Directors in accordance with the terms of these Articles and the Companies Law; and, upon liquidation or dissolution, the right to participate in the distribution of any surplus assets of the Company legally available after payment of all debts and other liabilities of the Company, in accordance with the terms of these Articles and applicable law. All Ordinary Shares rank *pari passu* in all respects with each other.

(c) Rights of Preferred Shares. The Preferred Shares shall confer on the holders thereof all rights accruing to holders of Ordinary Shares in the Company, on As-Converted Basis, and in addition, each class of Preferred Shares shall have the rights, preferences and privileges granted to any of Preferred Shares or to a specific class of Preferred Shares, as applicable, in these Articles. Without derogating from and subject to Article 67 below: (i) any of the rights, powers, preferences and other terms of the Series A Preferred Shares set forth herein may be waived on behalf of all (but not part) holders of Series A Preferred Shares by the affirmative written consent or vote of the holders of the seventy five percent (75%) of the Series A Preferred Shares then outstanding, voting as a single class on an As-Converted Basis, and (ii) Subject to and without derogating from sub section (i) above, any of the rights, powers, preferences of all of the Preferred B Class set forth herein may be waived on behalf of all (but not part) holders of Preferred B Class by the affirmative written consent or vote of the holders of the fifty percent (50%) of the Preferred B Class then issued and outstanding, voting as a single class on an As-Converted Basis. A waiver of any right, power or preference, subject to the terms of these Articles, may be for one occasion, case or event or for perpetuity, and may include a waiver of the entire right or a portion thereof (e.g., waiver of fifty percent (50%) of the preemptive rights or one hundred percent (100%) of the liquidation preference rights).

(d) For the avoidance of doubt, the Series Preferred B-1 Shares have been classified as Preferred B-1 Shares for convenience purposes only and the Preferred B-1 Shares shall constitute a part of the class of Preferred B Shares for all intents and purposes (except that the Original Issue Price and Conversion Price thereof shall differ). The Series Preferred B Shares and Series Preferred B-1 Shares shall, unless specifically set forth in these Articles, have all of the same rights and privileges and shall vote together as one class on all matters that may require the approval of a class of Shareholders of the Company or of the Preferred B Class, if any (including, without limitation, in connection with any Liquidation Event, or a merger pursuant to Chapter 8 of the Companies Law).

5. Increase of Share Capital

(a) Subject to and in addition to any other special requirement set forth in these Articles, including, without limitation, the provisions of Article 67 below and any other provision hereof conferring special rights as to voting, or restricting the right to vote, the Company may, from time to time, by resolution of the shareholders, whether or not all the shares then authorized have been issued, and whether or not all the shares theretofore issued have been called up for payment, increase its share capital by the creation of new shares. Any such increase shall be in such amount and shall be divided into shares of such nominal amounts, and such shares shall confer such rights and preferences, and shall be subject to such restrictions, as such resolution shall provide.

(b) Except to the extent otherwise provided in such resolution, such new shares shall be subject to all the provisions applicable to the shares of the original capital.

6. Conversion of Preferred Shares

(a) Right to Convert. Each share of Preferred Shares shall be convertible, without payment of additional consideration, by the holder thereof at the option of the holder thereof, at any time after the Original Issue Date applicable to such Preferred Shares at the office of the Company or any transfer agent for such share, into such number of fully paid and nonassessable Ordinary Shares as is determined by dividing the applicable Original Issue Price of such Preferred Shares by the Conversion Price applicable to such share, determined as hereafter provided, in effect on the date the certificate is surrendered for conversion. The conversion price per share for Preferred Shares (the "**Conversion Price**") shall initially be equal to the applicable Original Issue Price; provided, however, that the Conversion Price shall be subject to adjustment as set forth in this Article 6.

(b) Automatic Conversion. Each share of Preferred Shares shall automatically be converted, without payment of additional consideration by the holder thereof, into such number of Ordinary Share at the then applicable conversion rate as calculated pursuant to this Section 6 based on the Conversion Price at the time in effect for such Preferred Shares, immediately upon the earlier of: (i) the closing of an underwritten public offering following which the Ordinary Shares are listed for trading on the NASDAQ or NYSE MKT LLC (AMEX) (each, a "**Qualified Public Offering**"); or (ii) the consent of holders of a majority of the outstanding Preferred Shares (including the majority of the Series A Preferred Shares and including the affirmative consent of Centillion).

(c) Mechanics of Conversion. Before any holder of Preferred Shares shall be entitled to convert the same into Ordinary Shares, such holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of this Company or of any transfer agent for the Preferred Shares, and shall give written notice to the Company at its principal corporate office, of the election to convert the same (except that no such written notice of election to convert shall be necessary in the event of an automatic conversion pursuant to Article 6(b) above). The Company shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Shares, or to the nominee or nominees of such holder, a certificate or certificates for the number of Ordinary Shares to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Preferred Shares to be converted, and the person or persons entitled to receive the Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Ordinary Shares as of such date. If the conversion is

in connection with a Qualified Public Offering, the conversion, unless otherwise designated by the holder, will be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Ordinary Shares upon conversion of the Preferred Shares shall not be deemed to have converted such Preferred Shares until immediately prior to the closing of such sale of securities. If the conversion is pursuant to Article 6(b) above, then the conversion shall be deemed to have taken place automatically regardless of whether the certificates representing such shares have been surrendered to the Company, but from and after such conversion, any such certificate not surrendered to the Company, shall be deemed to evidence solely the Ordinary Shares received upon such conversion, and the right to receive a certificate for such Ordinary Shares.

(d) Conversion Price Adjustments of Preferred Shares for Certain Splits and Combinations. The Conversion Price of the Preferred Shares shall be subject to adjustment from time to time as follows:

(i) In the event the Company should at any time or from time to time after the date of the SPA Series B fix a record date for the effectuation of a split or subdivision of the outstanding Ordinary Shares or for the determination of the outstanding Ordinary Shares entitled to receive a dividend or other distribution payable in additional Ordinary Shares without payment of any consideration by such holder for the additional Ordinary Shares, then, as of such record date (or the date of such dividend, distribution, split or subdivision if no record date is fixed), the Conversion Price shall be appropriately decreased to ensure no dilution takes place such that the number of Ordinary Shares issuable on conversion of each share of such series shall be increased in proportion to such increase of the aggregate of Ordinary Shares outstanding.

(ii) If the number of Ordinary Shares outstanding at any time after the Original Issue Date is decreased by a combination of the outstanding Ordinary Shares or reverse stock split, then, following the record date of such combination or reverse stock split, the Conversion Price shall be appropriately increased so that the number of Ordinary Shares issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(e) Other Distributions. In the event the Company shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by the Company or other persons, assets (excluding cash dividends) or options or rights not referred to in subsection (d)(i) above, then, in each such case for the purpose of this subsection (e), the holders of the Preferred Shares shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of Ordinary Shares of the Company into which their shares of Preferred Shares are convertible as of the record date fixed for the determination of the holders of Ordinary Shares of the Company entitled to receive such distribution.

(f) Recapitalizations. If at any time or from time to time there shall be a recapitalization or exchange of the Ordinary Shares (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Article 6 or Article 66) provision shall be made so that the holders of the Preferred Shares shall thereafter be entitled to receive upon conversion of the Preferred Shares the number of shares or other securities or property of the Company or otherwise, which a holder of Ordinary Shares deliverable upon conversion immediately prior to such recapitalization or exchange would have been entitled to receive on such recapitalization or exchange. In any such case, appropriate adjustment shall be made in the application of the provisions of this Article 6 with respect to the rights of the holders of the Preferred Shares after the recapitalization or exchange to the end that the provisions of this Article 6 (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Preferred Shares) shall be applicable after that event as nearly equivalently as may be practicable.

(g) Conversion Price Adjustments of Preferred Shares.

(i) In the event that prior to the closing of the Company's Qualified Public Offering the Company shall issue (or deemed to issue) any New Securities at a price per share lower than the applicable Conversion Price then in effect immediately prior to such issuance for any of the Preferred Shares (the "**Reduced Price**"), then the applicable Conversion Price shall be reduced, for no additional consideration in accordance with the following broad-based weighted average formula:

$$CP = \frac{(A \times P') + (C \times P'')}{A + C}$$

Where:

CP is the applicable adjusted Conversion Price;

A is the number of Ordinary Shares, on a fully diluted, As-Converted Basis (as if all Options (as defined below) had been fully exercised and the resulting securities fully converted into Ordinary Shares, as of such date), outstanding immediately prior to the relevant issuance of the New Securities;

P' is the applicable Conversion Price in effect immediately prior to such issuance of such Preferred Share;

C is the number of New Securities; and

P" is the Reduced Price of such Preferred Share.

(ii) No adjustment of the Conversion Price pursuant to Article 6(g)(i) shall be made if it has the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment. In addition, no adjustments of the Conversion Price shall be made in an amount less than one hundredth (1/100) of one cent ($0.0001) per share.

(iii) In the case of the issuance of New Securities for cash, the consideration shall be deemed to be the amount of cash received therefor. In the case of the issuance of New Securities for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof, as shall be determined in good faith by the Board of Directors. If New Securities or rights or options to purchase New Securities are issued or sold together with other shares or securities or other assets of the Company for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such New Securities or rights or options. If New Securities or rights or options to purchase New Securities are issued to any acquiror thereof, or to an acquiror thereof and one or more of its Affiliates, in a single transaction or series of related transactions, then the effective price for such issuance(s) or deemed issuance(s) of New Securities will be determined on a weighted-average basis for all New Securities and/or rights or options so issued, if computing such effective price in such a manner would result in such effective price being less than the applicable Conversion Price. For purposes of this Article 6(g), the consideration for any New Securities shall be taken into account at the U.S. dollar equivalent thereof, on the day such New Securities are issued or deemed to be issued pursuant to Article 6(g)(iv).

(iv) In the case of the issuance of warrants or options to purchase, or rights to subscribe for, New Securities, or securities which by their terms are convertible into or exchangeable for New Securities or options to purchase or rights to subscribe for such convertible or exchangeable securities (collectively, "Options"), the New Securities deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including without limitation the passage of time, but without taking into account potential anti-dilution adjustments), conversion or exchange, as the case may be, of such Options, shall be deemed to have been issued at the time of issuance of such Options at a consideration equal to the consideration (determined in the manner provided in Articles 6(g)(iii) and 6(g)(iv), if any, received by the Company for such Options upon the issuance of such Options plus any additional consideration payable to the Company pursuant to the terms of such Options (without taking into account potential anti-dilution adjustments) for the New Securities covered thereby; *provided, however,* that if any Options as to which an adjustment to the Conversion Price has been made pursuant to this Article 6(g) expire without having been exercised, then the Conversion Price shall be readjusted as if such Options had not been issued (without any effect, however, on adjustments to the Conversion Price as a result of other events described in this Article 6(g)); provided, further, that if such Options by their terms provide, with the passage of time or otherwise, for any increase (or decrease) in the consideration payable to the Company, or decrease (or increase) in the number of shares issuable, upon the exercise, conversion or exchange thereof, the applicable Conversion Price computed upon the original issue thereof, and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options.

(h) No Impairment. The Company will not, by amendment of its Articles of Association or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Article 6 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Preferred Shares against impairment.

(i) No Fractional Shares and Certificate as to Adjustment.

(i) No fractional shares shall be issued upon the conversion of any Preferred Shares, and the number of Ordinary Shares to be issued shall be rounded to the nearest whole share.

(ii) Upon the occurrence of each adjustment or readjustment of the Conversion Price of the Preferred Shares pursuant to this Article 6, the Company, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Preferred Shares a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. This Company shall, upon the reasonable written request at any time of any holder of Preferred Shares, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Price at the time in effect, and (C) the number of Ordinary Shares and the amount, if any, of other property which at the time would be received upon the conversion of a Preferred Share.

(j) Notices of Record Date. In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of any class or any other securities or property, or to receive any other right, the Company shall mail to each holder of Preferred Shares, at least fourteen (14) days prior to the date specified therein, a notice to the address provided (and updated, if necessary) provided by such shareholder to the Company specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(k) Reservation of Shares Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued Ordinary Shares, solely for the purpose of effecting the conversion of the shares of the Preferred Shares, such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Share; and if at any time the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding Preferred Shares, in addition to such other remedies as shall be available to the holder of such Preferred Shares, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Ordinary Shares to such number of shares as shall be sufficient for such purposes. Without derogating from the aforesaid, in the event that in the opinion of the Company's legal counsel, any conversion of Preferred Shares shall require additional shareholders' resolutions or consents, each shareholder shall execute any such document and/or resolutions reasonably necessary to effectuate such conversion.

7. Special Rights; Modifications of Rights

(a) Subject to the provisions of these Articles, including without limitation, the provisions of Article 67 and Article 4 and applicable provisions of the Companies Law, the Company may, from time to time, by resolution of the shareholders, provide for shares with such preferred or deferred rights or rights of redemption or other special rights and/or such restrictions, whether in regard to dividends, voting, repayment of share capital or otherwise, as may be stipulated in such resolution.

(b) (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class, unless otherwise provided by these Articles and subject to applicable law, may be modified or abrogated by the Company, by resolution of the shareholders, subject to an approval by a resolution passed by the holders of a simple majority of the shares of such class voting at a separate General Meeting of the holders of the shares of such class.

(ii) The provisions of these Articles relating to General Meetings shall, mutatis mutandis, apply to any separate General Meeting of the holders of the shares of a particular class.

(iii) Unless otherwise provided by these Articles, the enlargement of an existing class of shares, or the issuance of additional shares thereof in connection with the Exempted Financings (as defined below), shall not be deemed, for purposes of this Article 7(b), to modify or abrogate the rights attached to the previously issued shares of such class or of any other class.

8. Consolidation, Subdivision, Cancellation and Reduction of Share Capital

(a) Subject to and in addition to any other special requirement set forth in these Articles, including, without limitation, the provisions of Article 67 below and any other provision hereof conferring special rights as to voting, or restricting the right to vote and in accordance with the applicable provisions of the Companies Law, the Company may, from time to time, by a shareholders resolution (subject to applicable law):

(i) consolidate and divide all or any of its issued or unissued share capital into shares of larger nominal value than its existing shares;

(ii) subdivide its shares (issued or unissued) or any of them, into shares of smaller nominal value than is fixed by these Articles (subject, however, to the provisions of the Companies Law), and the shareholders resolution whereby any share is subdivided may determine that, as among the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred or deferred rights or rights of redemption or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares;

(iii) cancel any shares which, at the date of the adoption of such resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so canceled; or

(iv) reduce its share capital in any manner, and with and subject to any incident authorized, and consent required, by law.

(b) With respect to any consolidation of issued shares into shares of larger nominal value, and with respect to any other action which may result in fractional shares, the Board of Directors may settle any difficulty which may arise with regard thereto, as it deems fit, including, *inter alia*, resort to one or more of the following actions:

(i) determine, as to the holder of shares so consolidated, which issued shares shall be consolidated into each share of larger nominal value;

(ii) allot, in contemplation of or subsequent to such consolidation or other action, such shares or fractional shares sufficient to preclude or remove fractional share holdings;

(iii) redeem, in the case of redeemable preference shares, and subject to applicable law, such shares or fractional shares sufficient to preclude or remove fractional share holdings;

(iv) cause the transfer of fractional shares by certain shareholders of the Company to other shareholders thereof so as to most expediently preclude or remove any fractional shareholdings, and cause the transferees to pay the transferors the fair value of fractional shares so transferred, and the Board of Directors is hereby authorized to act as agent for the transferors and transferees with power of substitution for purposes of implementing the provisions of this sub-Article 8(b)(iv); or

(v) cause the aggregation of fractional shares and the sale thereof so as to most expediently preclude or remove any fractional shareholding and cause the proceeds thereof, less expenses, to be paid to the former holders of the fractional shares.

(c) Notwithstanding the foregoing, if a class of shares has no nominal value, then any of the foregoing actions may be taken with respect to such class without regard to nominal value.

SHARES

9. Issuance of Share Certificates; Replacement of Lost Certificates

(a) Share certificates may be issued and signed by authorized signatories, as designated by the Board of Directors, alongside the name of the Company.

(b) Each shareholder whose name appears in the Register of Shareholders shall be entitled to receive one numbered share certificate in respect to all the shares registered in his name, or, if the Secretary so authorizes (and after payment of the amount which the Secretary shall determine from time to time) to a number of share certificates, each one in respect of one or more of these shares; each such share certificate shall indicate the name of the shareholder, the number of shares in respect of which it has been issued, and additional particulars that shall be determined by the Board of Directors.

(c) A share certificate registered in the names of two or more persons shall be delivered to the person first named in the Register of Shareholders in respect of such co-ownership.

(d) If a share certificate is defaced, lost or destroyed, the Company may issue a new certificate in its place, provided that the original certificate is presented to and destroyed by the Secretary, or it is proved to the satisfaction of the Secretary that the certificate has been lost or destroyed, and the Company receives security satisfactory to it in respect for any possible damage, in each case against payment if a requirement for such a payment is imposed.

(e) The Company shall not issue shares other than shares that are paid in full. Shares shall be deemed to have been paid in full if the full amount of the nominal value and any premium thereon has been paid, in accordance with the terms of issue of the shares.

10. Allotment of Shares

Subject to and in addition to any other special majority requirement set forth in these Articles, including, without limitation, pursuant to the provisions of Article 67, the unissued shares from time to time shall be under the control of the Board of Directors, who shall have the power to allot shares or otherwise dispose of them to such persons, on such terms and conditions (including, *inter alia*, terms relating to calls as set forth in

Article 13(f) hereof), and either at par or at a premium, or, subject to the provisions of the Companies Law, at a discount, and at such times, as the Board of Directors may think fit, and the power to give to any person the option to acquire from the Company any shares, either at par or at a premium, or, subject as aforesaid, at a discount, during such time and for such consideration as the Board of Directors may deem fit. Such issuance may be made in cash, cash equivalents or for in kind consideration.

11. Pre-emptive Rights

(a) Until immediately prior to the closing of the Company's initial firmly underwritten public offering of its Ordinary Shares pursuant to an effective registration statement under the Securities Act or equivalent law of another jurisdiction ("**IPO**"), any Shareholder that holds Preferred Shares and the Founding Shareholder (each, a "**Preemptive Shareholder**") will have the right to purchase its pro rata portion of any New Securities (as defined below) proposed to be issued by the Company. In addition, each Eligible Shareholder will have the right to purchase its pro rata portion of any New Securities allocated to the Preemptive Shareholders pursuant to their preemptive right as described in this Article 11(a) to the extent any such Preemptive Shareholder does not elect to purchase its full pro rata portion of New Securities.

(b) A Preemptive Shareholder's pro rata portion shall be the ratio of the number of Ordinary Shares (on an As-Converted Basis) then held by it, as of the date of the Rights Notice (as hereinafter defined), to the sum of the total number of Ordinary Shares as of such date (on an As-Converted Basis) held by all the shareholders.

(c) This pre-emptive right shall be subject to the following provisions:

(i) If the Company proposes to issue New Securities, it shall give each Preemptive Shareholder written notice (the "Rights Notice") of its intention, describing the New Securities, the price, the general terms upon which the Company proposes to issue them, and the number of shares that the Preemptive Shareholder has the right to purchase under this Article 11. Each Preemptive Shareholder shall have fourteen (14) days from receipt of the Rights Notice to agree to purchase all or any part of its pro-rata portion of such New Securities (and, in the case of the Eligible Shareholders, all or any part of the pro-rata portion of the Preemptive Shareholders to the extent that any such Preemptive Shareholder does not elect to purchase its full pro-rata portion), for the price and upon the general terms specified in the Rights Notice, by giving written notice to the Company setting forth the quantity of New Securities to be purchased. Any shareholder which shall not reply to the Rights Notice in accordance with the provisions of this Article 11 shall be deemed to have waived its right to purchase New Securities as set forth herein.

(ii) If the Preemptive Shareholders do not exercise their rights under this Section 11 with respect to all of the New Securities proposed by the Company to be issued within the period specified in above, the Company shall have ninety (90) days after delivery of the Rights Notice to sell the unsold New Securities at a price and upon general terms no more favorable to the purchaser than specified in the Rights Notice. If the Company has not sold the unsold New Securities within said ninety (90) day period, the Company shall not thereafter issue any New Securities without first offering such securities to the Preemptive Shareholders in the manner provided above.

(iii) "**New Securities**" shall mean any equity interest in the Company, including without limitations, Ordinary Shares or preferred shares of any kind of the Company, whether now or hereafter authorized, and rights, options, or warrants to purchase such equity interest, Ordinary Shares or preferred shares, and securities of any type whatsoever that are, or may become, convertible into or exchangeable for such equity interests, Ordinary Shares or preferred shares; provided however, that the term "New Securities" does not include: (i) securities issued or reserved for issuance upon exercise of options or other awards pursuant to a plan approved by the Board of Directors (including the Preferred A Director) granted to officers, directors, employees or consultants of the Company or a subsidiary thereof; (ii) securities issued in connection with any stock split, stock dividend, bonus shares, recapitalization, reclassification or similar event by the Company; (iii) securities issued in connection with the acquisition of another corporation, business entity or line of business of another business entity by the Company by merger, consolidation, purchase of all or substantially all of the assets, or other reorganization as a result of which the Company owns no less than 50% (fifty percent) of the voting power of such corporation, provided that such transaction is approved by the Board of Directors of the Company; (iv) for the purpose of this Section 11 only (and not Section 6), equity interests to be issued in connection with the Exempted Financings and equity interests to be issued in connection with Centillion Special Preemptive Rights; (v) any Conversion Shares (as such term is defined in the Convertible Financing Agreements, as defined below) issued pursuant to the Convertible Financing Agreements entered into by the Company and the other parties thereto as of November 2012 and December 31, 2012 (the "**Convertible Financing Agreements**"), (vi) securities issued as a result of the exercise of warrants to purchase Preferred Shares which are outstanding as of the Closing Date of the SPA Series B (as such term is defined in the SPA Series B (the "**SPA Series B Closing**") (vii) warrants, and securities issued as a result of the exercise of warrants, issued or issuable to GP Nurmenkari Inc. ("**GPN**") or any of its designees or affiliates, pursuant to the terms of the Placement Agency Agreement entered into by the Company and GPN as of August __, 2017, and (viii) securities issued in a Qualified Public Offering.

(d) If the Company issue any equity interests in an Exempted Financing, Centillion shall be entitled to purchase, at any time, and from time to time, not later than the second Milestone Closing, such number of, and such type of, equity interest issued in such Exempted Financing, equal to 18.18% of the actual number of equity interests issued under such Exempted Financing to the New Shareholders (as defined below), at the same price per equity interest as paid by the New Shareholders ("**Centillion Special Preemptive Rights**").

(e) Notwithstanding anything to the contrary in these Articles, in the event that the Board, after consultation with legal counsel, determines that offering Shareholders of the Company preemptive rights (in accordance with the provisions of this Article 11 or otherwise) without a prospectus may reasonably be expected to lead to a breach or violation of any applicable securities laws or regulations, then New Securities will only be offered to the three five (35) (or such other lower number as defined in the applicable Israeli securities laws) Preemptive Shareholders with the largest shareholding on the Company based on such Preemptive Shareholders' issued and outstanding shares of the Company (on an as-converted basis).

12. Payment in Installments

If by the terms of allotment of any share, the whole or any part of the price thereof shall be payable in installments, every such installment shall, when due, be paid to the Company by the then registered holder(s) of the share of the person(s) entitled thereto.

13. Calls on Shares

(a) The Board of Directors may, from time to time, make such calls as it may think fit upon shareholders in respect of any sum unpaid in respect of shares held by such shareholders which is not, by the terms of allotment thereof or otherwise, payable at a fixed time, and each shareholder shall pay the amount of every call so made upon him (and of each installment thereof if the same is payable in installments), to the person(s) and at the time(s) and place(s) designated by the Board of Directors, as any such time(s) may be thereafter extended and/or such person(s) or place(s) changed. Unless otherwise stipulated in the resolution of the Board of Directors (and in the notice hereafter referred to), each payment in response to a call shall be deemed to constitute a pro rata payment on account of all shares in respect of which such call was made.

(b) Notice of any call shall be given in writing to the shareholder(s) in question not less than fourteen (14) days prior to the time of payment, specifying the time and place of payment, and designating the person to whom such payment shall be made, provided, however, that before the time for any such payment, the Board of Directors may, by notice in writing to such shareholder(s), revoke such call in whole or in part, extend such time, or alter such person and/or place. In the event of a call payable in installments, only one notice thereof need be given.

(c) If, by the terms of allotment of any share or otherwise, any amount is made payable at any fixed time, every such amount shall be payable at such time as if it were a call duly made by the Board of Directors and of which due notice had been given, and all the provisions herein contained with respect to such calls shall apply to each such amount.

(d) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof and all interest payable thereon.

(e) Any amount unpaid in respect of a call shall bear interest from the date on which it is payable until actual payment thereof, at such rate (not exceeding the then prevailing debitory rate charged by leading commercial banks in Israel), and at such time(s) as the Board of Directors may prescribe.

(f) Upon the allotment of shares, the Board of Directors may provide for differences among the allottees of such shares as to the amount of calls and/or the times of payment thereof.

14. Prepayment

With the approval of the Board of Directors, any shareholder may pay to the Company any amount not yet payable in respect of his shares, and the Board of Directors may approve the payment of interest on any such amount until the same would be payable if it had not been paid in advance, at such rate and time(s) as may be approved by the Board of Directors. The Board of Directors may at any time cause the Company to repay all or any part of the money so advanced, without premium or penalty. Nothing in this Article 14 shall derogate from the right of the Board of Directors to make any call before or after receipt by the Company of any such advance.

15. Forfeiture and Surrender

(a) If any shareholder fails to pay any amount payable in respect of a call, or interest thereon as provided for herein, on or before the day fixed for payment of the same, the Company, by resolution of the Board of Directors, may at any time thereafter, so long as the said amount or interest remains unpaid, forfeit all or any of the shares in respect of which said call had been made. Any expense incurred by the Company in attempting to collect any such amount or interest, including, inter alia, attorneys' fees and costs of suit, shall be added to, and shall, for all purposes (including the accrual of interest thereon), constitute a part of the amount payable to the Company in respect of such call.

(b) Upon the adoption of a resolution of forfeiture, the Board of Directors shall cause notice thereof to be given to such shareholder, which notice shall state that, in the event of the failure to pay the entire amount so payable within a period stipulated in the notice (which period shall not be less than fourteen (14) days and which may be extended by the Board of Directors), such shares shall be ipso facto forfeited, provided, however, that, prior to the expiration of such period, the Board of Directors may nullify such resolution of forfeiture, but no such nullification shall estop the Board of Directors from adopting a further resolution of forfeiture in respect of the non-payment of the same amount.

(c) Whenever shares are forfeited as herein provided, all dividends theretofore declared in respect thereof and not actually paid shall be deemed to have been forfeited at the same time.

(d) The Company, by resolution of the Board of Directors, may accept the voluntary surrender of any share.

(e) Any share forfeited or surrendered as provided herein shall become dormant shares (as defined in Section 308 of the Companies Law) and the property of the Company, and the same, subject to the provisions of these Articles, may be sold, re-allotted or otherwise disposed of as the Board of Directors thinks fit.

(f) Any shareholder whose shares have been forfeited or surrendered shall cease to be a shareholder in respect of the forfeited or surrendered shares, but shall, notwithstanding, be liable to pay, and shall forthwith pay, to the Company, all calls, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until actual payment, at the rate prescribed in Article 13(e) above, and the Board of Directors, in its discretion, may enforce the payment of such moneys, or any part thereof, but shall not be under any obligation to do so. In the event of such forfeiture or surrender, the Company, by resolution of the Board of Directors, may accelerate the date(s) of payment of any or all amounts then owing by the shareholder in question (but not yet due) in respect of all shares owned by such shareholder, solely or jointly with another, and in respect of any other matter or transaction whatsoever.

(g) The Board of Directors may at any time, before any share so forfeited or surrendered shall have been sold, re-allotted or otherwise disposed of, nullify the forfeiture or surrender on such conditions as it thinks fit, but no such nullification shall estop the Board of Directors from re-exercising its powers of forfeiture pursuant to this Article 15.

16. Lien

(a) Except to the extent the same may be waived or subordinated in writing, the Company shall have a first and paramount lien upon all the shares registered in the name of each shareholder (without regard to any equitable or other claim or interest in such shares on the part of any other person), and upon the proceeds of the sale thereof, for his debts, liabilities and engagements arising from any cause whatsoever, solely or jointly with another, to or with the Company, whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless otherwise provided, the registration by the Company of a transfer of shares shall be deemed to be a waiver on the part of the Company of the lien (if any) existing on such shares immediately prior to such transfer.

(b) The Board of Directors may cause the Company to sell any shares subject to such lien when any such debt, liability or engagement has matured, in such manner as the Board of Directors may think fit, but no such sale shall be made unless such debt, liability or engagement has not been satisfied within fourteen (14) days after written notice of the intention to sell shall have been served on such shareholder, his executors or administrators.

(c) The net proceeds of any such sale, after payment of the costs thereof, shall be applied in or toward satisfaction of the debts, liabilities or engagements of such shareholder (whether or not the same have matured), or any specific part of the same (as the Company may determine), and the residue (if any) shall be paid to the shareholder, his executors, administrators or assigns.

17. Sale after Forfeiture or Surrender or in Enforcement of Lien

Upon any sale of shares after forfeiture or surrender or for enforcing a lien, the Board of Directors may appoint some person to execute an instrument of transfer of the shares so sold and cause the purchaser's name to be entered in the Register of Shareholders in respect of such shares, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Shareholders in respect of such shares, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

18. Redeemable Shares

The Company may, subject to applicable law, issue redeemable shares and redeem the same or issue conditional securities with such conditions so as such securities may be cancelled or revoked or may be considered to have been cancelled or revoked upon the fulfillment of such conditions.

TRANSFER OF SHARES

19. Effectiveness and Registration

(a) No Transfer of Securities shall be effective, unless made in compliance with Articles 19 and 21. No Transfer of Securities shall be registered by the Company, unless a proper instrument of transfer shall be made in writing pursuant to Article 19(c) below, together with the share certificate(s) or such other evidence of title as the Company may reasonably require. Until the transferee has been registered in the share register of the Company in respect of the Securities so transferred, the Company may continue to regard the transferor as the owner thereof.

(b) Subject to the transfer limitations set forth in these Articles, a Shareholder shall not make any transfer of the shares, unless (i) such transfer is in compliance with these Articles, as shall be amended from time to time and any other agreement governing the subject matter and to which the transferring Shareholder is subject, as shall be from time to time; and (ii) such transferee undertook in advance in writing to be bound by and to be subject to the terms and conditions of these Articles and any other agreement governing the subject matter and to which the transferring Shareholder is subject, as shall be amended from time to time, as if it was an original party thereunder, and accepts and assumes any and all liabilities and obligations of the transferring Shareholder under said agreements.

(c) The instrument of transfer of any share shall be in writing substantially in the following form or as near thereto as possible, or in a usual or accepted form that shall be approved by the Board of Directors:

"I _____ of _____ (the "**Transferor**"), in consideration of the sum of _____ paid to me by _____ of _____ (the "**Transferee**"), hereby transfer to the Transferee _____ shares, denoted by certificate numbers _____ to _____ (both inclusive) of **ENTERA BIO LTD.**, to be held by the Transferee, the executors and administrators of his estate, his custodian and his legal personal representative, under the same conditions under which I myself held them immediately prior to signing this instrument of transfer.

I, the Transferee, hereby agree to accept the above mentioned shares in accordance with the above mentioned conditions.

IN WITNESS THEREOF we hereby affix our signatures this ____ day of _____, 20___.

_____ _____

The Transferor The Transferee"

(d) No shareholder may transfer Securities to a Competitor of the Company, without the prior written consent of the Board, which can be withheld in its sole and absolute discretion and shall be provided as promptly as practicable from the date on which the transfer request with all necessary information was submitted to its review. A "**Competitor**" shall be defined as an entity researching, developing and or operating in the area of parathyroid hormone (PTH), and/or an entity researching, developing and/or operating in the area of oral drug delivery. Capital Point Ltd. shall not be deemed a Competitor of the Company.

(e) The Company may impose a fee for registration of a share transfer, at a reasonable rate as may be determined by the Board of Directors from time to time.

(f) The Board of Directors may suspend the registration of transfers during the fourteen (14) days immediately preceding the ordinary general meeting in each year.

(g) Instruments of transfer that are registered shall remain in the Company's possession; however, instruments of transfer which the Board of Directors refuses to register in accordance with this Article 19, shall be returned, on demand, to whomever delivered them along with the share certificate (if delivered).

(h) "**Transfer**" shall include to sell, assign, transfer, grant any right in, assign or dispose of, by gift or otherwise (including by way of realization of a Pledge), or in any way encumber, Securities, including, if the transferor (other than an Eligible Shareholder) is a holding company, whose primary activity is holding Securities in the Company, by way of a change of control in such transferor-company. For the removal of doubt, it is hereby clarified that a pledge, lien, hypothecation or mortgage (collectively, "**Pledge**") of any Securities shall not be considered a Transfer for the purposes of these Articles.

(i) "**Permitted Transferee**" shall mean (a) the Founding Shareholder; (b) as to any individual - any grandparents, parents, siblings, children, lineal descendant (including step and adopted children), and any spouse of such individual or any of the foregoing, or trust of which at least one of the foregoing is the beneficiary; (c) any Affiliate of the persons indicated in (a) or (b) above; (d) as to any partnership: (1) any of its general and limited partners; (2) any of its Affiliates; (3) any person, directly or indirectly, managing such entity; or (4) any entity (and its partners) managed by the same management company or managing general partner, or managed by an affiliate of such management company or managing general partner; (e) as to a trust, the beneficiary or beneficiaries of such trust; (f) as to any Shareholder which is a venture capital fund (including, for the purpose herein, Centillion): (i) a Transfer which is part of a Disposition of a significant portion of a portfolio of investments or (ii) a Transfer in connection with the dissolution of the fund. "**Affiliate(s)**" of any person shall mean another person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first person; and "**control**" shall mean ownership (direct or indirect) of more than 50% of the shares of the subject person entitled to vote in the election of directors (or, in the case of a person that is not a corporation, for the election of the corresponding managing authority).

(e) An Affiliated transferee of a shareholder shall be aggregated together with such shareholder with respect to the holdings, rights and obligations of such Shareholder under these Articles.

20. Reserved.

21. Drag-Along.

(a) Subject to the provisions of Articles 66 and 67, but notwithstanding the provisions of Article 21(c) below, prior to an IPO, in the event that shareholders holding in the aggregate at such time two-thirds (2/3) of the Company's issued and outstanding share capital (on an as-converted basis) (the "**Proposing Shareholders**"), approve or accept a transaction or series of related transactions with any person or persons regarding a sale, whether through a purchase, merger or otherwise, of all the Company securities or a sale of all or substantially all of the Company's assets and such sale shall result in the return per Series A Preferred Share of at least three (3) times the Original Series A Issue Price (the "**Transaction**"), and such Transaction is conditioned upon the sale of a number of shares of the Company exceeding the number of shares held by such Proposing Shareholders or the approval or the approval of the Transaction by Shareholders holding such number or type of shares which exceed, or different from, as applicable, the number or type of shares held by the Proposing Shareholder, then:

(i) at every meeting of the Shareholders called with respect to any of the following, and at every adjournment or postponement thereof, and on every action or approval by written consent of the Shareholders with respect to any of the following, the other Shareholders (such other Shareholders, collectively, the "**Remaining Holders**") shall vote all shares of the Company that such Remaining Holders then hold or for which such Remaining Holders otherwise then have voting power: (A) in favor of the approval of the Transaction and any matter that could reasonably be expected to facilitate the Transaction, and (B) against any proposal for any recapitalization, merger, sale of assets or other business combination (other than the Transaction) between the Company and any person or entity other than the party or parties to the Transaction or any other action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the definitive agreement(s) related to the Transaction or which could result in any of the conditions to the Company's obligations under such agreement(s) not being fulfilled, in each case unless otherwise determined by the Proposing Shareholders. In any event the Transaction is brought to a vote at a Shareholders meeting or class meeting, any Remaining Holders who shall have failed to provide to the Company, prior to such meeting, an irrevocably voting proxy voting in the manner required hereunder, shall be deemed to have given an irrevocable proxy to such person as shall be designated by the Board of Directors to vote in the manner required hereunder.

(ii) Whether the Transaction is structured as a merger or consolidation, or a sale of shares each Remaining Holder shall waive any dissenting minority or similar rights in connection with such transaction and shall agree to sell all of the shares and rights to acquire shares of the Company held by such Remaining Holder on the terms and conditions approved by the Proposing Shareholders.

(iii) Each Remaining Holder shall take all necessary actions in connection with the consummation of the Transaction as requested by the Company or the Proposing Shareholders and shall, if requested by the Proposing Shareholders, execute and deliver any agreements and instruments prepared in connection with such Transaction which agreements are executed by the Proposing Shareholders.

(iv) In the event that a Remaining Holder fails to surrender its certificate in connection with the consummation of a Transaction, such certificate shall be deemed cancelled and the Company shall be authorized to issue a new certificate in the name of the Remaining Holder and the Board of Directors shall be authorized to establish an escrow account for the benefit of such Remaining Holder into which the consideration for such securities represented by such cancelled certificate shall be deposited and to appoint a trustee to administer such account.

(v) In the event that any Remaining Holder fails to execute any of the documents, agreements or instruments required to be executed by such Remaining Holder under this Article 21, then the Remaining Holder shall be deemed to have granted an irrevocable power of attorney to the Board of Directors to designate any person(s) determined by the Board of Directors to execute on his behalf and in his name all such documents, agreements or instruments, which shall have the same force and effect as if signed personally by such Remaining Holder.

(b) For the avoidance of doubt it is hereby clarified, that the provisions of this Article 21 set forth an independent and distinct arrangement, separate and unrelated to the procedures set forth in Section 341 of the Companies Law, which the Shareholders intend to apply in the circumstances described therein, and that any conditions or requirements that are set forth in Section 341 shall not apply to the arrangements set forth in this Article 21. Without limitation of the foregoing, in the event of a Transaction, the provisions of Section 341 may also be implemented, without derogating from this Article 21, and in such event the shareholding requirement for purposes of Section 341(a) of the Companies Law, shall be the consent of Shareholders holding at least two-thirds (2/3) of the Company's outstanding shares, and to the extent that the forced sale provisions of Section 341 are implemented, the procedure set forth in Section 341 regarding the forced sale by shareholders which do not participate in the Transaction, shall apply.

(c) For the avoidance of doubt, any proceeds payable to the Shareholders hereunder shall be distributed in accordance with the provisions relating to Liquidation Preference as set forth in the Article 66 below.

RECORD DATE
WITH RESPECT TO OWNERSHIP OF SHARES

22. Record Date for General Meetings

The shareholders entitled to receive notice of, to participate in and to vote thereon at a General Meeting, or to express consent to or dissent from any corporate action in writing, shall be the shareholders on the date set in the resolution of the Board of Directors to convene the General Meeting. A determination of shareholders of record with respect to a General Meeting shall apply to any adjournment of such meeting.

RECORD DATE
WITH RESPECT TO DISTRIBUTION OF DIVIDENDS

23. Record Date for Distribution of Dividends

The shareholders entitled to receive dividends shall be the shareholders on the date upon which it was resolved to distribute the dividend or at such later date as shall be provided in the resolution in question.

TRANSMISSION OF SHARES

24. Decedents' Shares

(a) The executors and administrators of a deceased sole holder of a share, or, if there are no executors or administrators, the persons beneficially entitled as heirs of a deceased sole holder, shall be the only persons recognized by the Company as having any title to the share. In case of a share registered in the names of two or more holders, the Company shall recognize the survivor or survivors as the only persons having any title to or benefit in the share unless and until the provisions of Article 24(b) have been effectively invoked. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him.

(b) Any person becoming entitled to a share in consequence of the death of any person, upon producing evidence of the grant of probate or letters of administration or declaration of succession (or such other evidence as the Board of Directors may reasonably deem sufficient that he sustains the character in respect of which he proposes to act under this Article or of his title), shall be registered as a shareholder in respect of such share, or may, subject to the regulations as to transfer herein contained, transfer such share.

(c) A person upon whom the ownership of a share devolves by transmission shall be entitled to receive, and may give a discharge for any dividends or other monies payable in respect of the share but he shall not be entitled in respect of it to receive notices, or to attend or vote at meetings of the Company, or, save as otherwise provided herein, to exercise any of the rights or privileges of a Shareholder unless and until he shall be registered in the Register of Shareholders.

25. Receivers and Liquidators

(a) The Company may recognize the receiver or liquidator of any corporate shareholder in winding-up or dissolution, or the receiver or trustee in bankruptcy of any shareholder, as being entitled to the shares registered in the name of such shareholder.

(b) The receiver or liquidator of a corporate shareholder in winding-up or dissolution, or the receiver or trustee in bankruptcy of any shareholder, upon producing such evidence as the Board of Directors may deem sufficient that he sustains the character in respect of which he proposes to act under this Article or of his title, shall with the consent of the Board of Directors (which the Board of Directors may grant or refuse in its absolute discretion), be registered as a shareholder in respect of such shares, or may, subject to the regulations as to transfer herein contained, transfer such shares.

GENERAL MEETINGS

26. Annual General Meeting

An Annual General Meeting shall be held once in every calendar year at such time (within a period of not more than fifteen (15) months after the last preceding Annual General Meeting) and at such place either within or without the State of Israel as may be determined by the Board of Directors. The function of the annual general meeting shall be to receive and consider the profit and loss account, the balance sheet and the ordinary reports and accounts of the Directors and auditors; to appoint auditors and to fix their remuneration; and to transact any other business which under these Articles or applicable law may be transacted by a general meeting.

27. Extraordinary General Meetings

All General Meetings other than Annual General Meetings shall be called "**Extraordinary General Meetings**". The Board of Directors may, whenever it deems fit, convene an Extraordinary General Meeting at such time and place, within or outside the State of Israel, as may be determined by the Board of Directors, and shall be obliged to do so upon a requisition in writing in accordance with Sections 63(a)(1) or (2) of the Companies Law.

28. Notice of General Meetings

(a) Not less than seven (7) days prior notice (and not more than forty-five (45) days prior written notice) shall be given of every General Meeting. Each such notice shall specify the place and the day and hour of the meeting and the general nature of each item to be acted upon thereat. Anything herein to the contrary notwithstanding, with the consent of all shareholders entitled to vote thereon, a resolution may be proposed and passed at such meeting although a lesser notice than hereinabove prescribed has been given.

(b) The validity of any resolutions carried at a General Meeting shall not be affected if the Company, by oversight, has not sent a notice of the convening of the meeting to a shareholder entitled to receive written notice of the convening the meeting, or has sent an incomplete or incorrect notice regarding the convening of the meeting or its agenda, or has not served a notice as aforesaid to the shareholder or has delayed in sending or delivering the said notice.

(c) Subject to the provisions of any law:

(i) the Company may deliver any notice and any document to a shareholder by hand or by mail to the address which the shareholder has provided to the Company;

(ii) the Company may deliver any notice and any document to a shareholder by delivering the same to him in any other manner in writing, unless prohibited by law;

(iii) confirmation in writing signed by an Office Holder of the Company regarding the delivery of a document or the service of notice in any of the manners specified above shall be deemed prima facie evidence of every matter contained therein;

(d) Each shareholder may waive his right to receive a notice at any specified time, and may agree that a General Meeting be convened and decisions taken thereat even though he has not received notice of the meeting or has not received notice within a specified time, in each case subject to the provisions of any law prohibiting a waiver or agreement of this nature.

(e) The Company may give notice to joint holders of any share by notice to the joint holder whose name is first recorded in the Register of Shareholders with respect to that share.

(f) Any document or notice delivered by the Company in accordance with the provisions of these Articles shall be deemed to have been properly served notwithstanding the death, bankruptcy or liquidation of that shareholder (whether or not the Company knew of the circumstance) so long as no other person has been registered in his place as shareholder in the Register, and delivery or service as aforesaid shall be deemed sufficient for all purposes with respect to any person who claims to be entitled to the shares in question.

PROCEEDINGS AT GENERAL MEETINGS

29. Quorum

(a) In the absence of contrary provisions in these Articles, shareholders representing two-thirds (2/3) of the Company's issued and outstanding share capital on an As-Converted Basis (not in default in payment of any sum referred to in Article 35(a) hereof), present in person or by proxy within half an hour after the time set for the General Meeting, and holding shares conferring in the aggregate at least a majority of the voting power of the Company (subject to rules and regulations, if any, applicable to the Company), shall constitute a quorum at General Meetings. No business shall be transacted at a General Meeting, or at any adjournment thereof, unless the requisite quorum is present when the meeting proceeds to business. The provisions of this Article 29(a) shall not apply if there be only one shareholder.

(b) If half an hour after the time set for the General Meeting no quorum is present, the meeting shall automatically be adjourned until the same day and same time one week thereafter, at the same place fixed for the original meeting (with no need for any notice to the shareholders) or until such other later time if such time is specified in the original notice convening the General Meeting, or if the Company serves notice to the shareholders no less than seventy two (72) hours before the date fixed for the adjourned meeting.

(c) If at an adjourned meeting there is no quorum present half an hour after the time set for the meeting, any number participating in the meeting shall represent a quorum and shall be entitled to deliberate and to resolve in respect of the matters set down on the agenda for the original meeting. No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called.

(d) Notwithstanding any other provision in these Articles, if the convening of an Extraordinary General Meeting is demanded other than by resolution of the Board of Directors of the Company, the adjourned meeting shall take place only if there are present at least one shareholder holding voting rights in an amount no less than the amount required in order to constitute a quorum at the original meeting. If there is no quorum as aforesaid at the adjourned meeting, the meeting shall not be adjourned to another date and all of the proposed resolutions on the agenda shall be deemed to have been rejected by the shareholders.

30. Chairman

The Chairman of the Board of Directors shall act as Chairman of every General Meeting of the Company. If there is no Chairman of the Board of Directors and the Board of Directors has not determined that another individual shall act as Chairman of the meeting as aforesaid, or if the proposed Chairman is not present fifteen minutes after the time set for the meeting, or if that person does not wish to act as Chairman of the meeting, the shareholders present at the meeting shall themselves or by their proxies elect a shareholder or a proxy present at the meeting to act as Chairman of the meeting.

The office of Chairman shall not, by itself, entitle the holder thereof to vote at any General Meeting nor shall it entitle such holder to a second or casting vote (without derogating, however, from the rights of such Chairman to vote as a shareholder or proxy of a shareholder if, in fact, he is also a shareholder or such proxy).

31. Adoption of Resolutions at General Meetings

(a) Subject to the express requirement of applicable law and except for any matter with respect to which a different threshold is required by these Articles including Article 67, a shareholders resolution shall be deemed adopted if approved by the holders of a majority of the voting power on an As-Converted Basis represented at the meeting in person or by proxy and voting thereon.

(b) Every question submitted to a General Meeting shall be decided by a count of votes, but if a written ballot is demanded by any shareholder present in person or by proxy and entitled to vote at the meeting, the same shall be decided by such ballot. A written ballot may be demanded before the proposed resolution is voted upon or immediately after the declaration by the Chairman of the results of the vote by a show of hands. If a vote by written ballot is taken after such declaration, the results of the vote by a show of hands shall be of no effect, and the proposed resolution shall be decided by such written ballot. The demand for a written ballot may be withdrawn at any time before the same is conducted, in which event another shareholder may then demand such written ballot. The demand for a written ballot shall not prevent the continuance of the meeting for the transaction of business other than the question on which the written ballot has been demanded.

(c) A declaration by the Chairman of the meeting that a resolution has been carried unanimously, or carried by a particular majority, or lost, and an entry to that effect in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

32. Resolutions in Writing

A resolution in writing signed by all shareholders of the Company then lawfully entitled to attend and vote at General Meetings or to which all such shareholders have given their written consent (by letter, facsimile, telegram, telex or otherwise), or their oral consent by telephone (provided that a written summary thereof has been approved and signed by the Chairman of the Board of Directors) shall be deemed to have been unanimously adopted by a General Meeting duly convened and held.

33. Power to Adjourn

(a) The chairman of a General Meeting at which a quorum is present may, with the consent of the holders of a majority of the voting power on an As-Converted Basis represented in person or by proxy and voting on the question of adjournment (and shall if so directed by the meeting), 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.

(b) It shall not be necessary to give any notice of an adjournment, whether pursuant to Article 29(b) or Article 33(a), unless the meeting is adjourned for twenty one (21) days or more, in which event notice thereof shall be given in the manner required for the meeting as originally called.

34. Voting Power

Subject to the provisions of Article 35(a) and subject to any provision hereof conferring special rights as to voting, or restricting the right to vote, every shareholder shall have one vote for each share held by him of record, on every resolution, without regard to whether the vote hereon is conducted by a show of hands, by written ballot or by any other means. Each holder of Preferred Shares shall be entitled to vote, together with the holders of the Ordinary Shares as one class, on all matters submitted to a vote of the shareholders of the Company, and shall be entitled to the number of votes equal to the number of Ordinary Shares that would be issuable to such holder if all Preferred Shares held by such holder were converted into the number of Ordinary Shares issuable pursuant to Article 6 hereof immediately prior to the record date for the determination of the shareholders entitled to vote on such matters or, if no such record date is established, as of the date such vote is taken or any written consent of shareholders is first executed.

35. Voting Rights

(a) No shareholder shall be entitled to vote at any General Meeting (or be counted as a part of the quorum thereat), unless all calls and other sums then payable by him in respect of his shares in the Company have been paid.

(b) A company or other entity being a shareholder of the Company may, by resolution of its directors or any other managing body thereof, authorize any person to be its representative at any meeting of the Company. Any person so authorized shall be entitled to exercise on behalf of such shareholder all the power which the latter could have exercised if it were an individual shareholder. Upon the request of the chairman of the meeting, written evidence of such authorization (in form acceptable to the chairman of the meeting) shall be delivered to him/her prior to the conclusion of the meeting.

(c) Any shareholder entitled to vote may vote either personally or by proxy (who need not be a shareholder of the Company), or, if the shareholder is a company or other corporate body, by a representative authorized pursuant to Article 35(b).

(d) If two or more persons are registered as joint holders of any share, the vote of the senior who tenders a vote, in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined by the order in which the names stand in the Register of Shareholders.

PROXIES

36. Instrument of Appointment

(a) The instrument appointing a proxy shall be in writing and shall be substantially in the following form:

"I _____ of _____
(Name of Shareholder) (Address of Shareholder)

being a shareholder of _____ Ltd. hereby appoint

_____of _____
(Name of Proxy) (Address of Proxy)

as my proxy to vote for me and on my behalf at the General Meeting of the Company to be held on the _____ day of _____, and at any adjournment(s) thereof.

Signed this _____ day of _____, 20___.

_____
(Signature of Appointer)"

or in any usual or common form or in such other form as may be approved by the Secretary. It shall be duly signed by the appointer or his duly authorized attorney or, if such appointer is a company or other entity, under its common seal or stamp or the hand of its duly authorized agent(s) or attorney(s). Upon the request of the Company, written evidence of such authorization (in form acceptable to the Company) shall be delivered to the Company prior to the conclusion of the meeting.

(b) The instrument appointing a proxy (and the power of attorney or other authority, if any, under which such instrument has been signed) shall either be delivered to the Company (at its registered office, or at its principal place of business or at the offices of at such place as the Board of Directors may specify) not less than seventy two (72) hours (or such shorter period as determined by the Board of Directors) before the time fixed for the meeting at which the person named in the instrument proposes to vote.

37. Effect of Death of Appointer or Revocation of Appointment

A vote cast pursuant to an instrument appointing a proxy shall be valid notwithstanding the previous death of the appointing shareholder (or of his attorney-in-fact, if any, who signed such instrument), or the revocation of the appointment or the transfer of the share in respect of which the vote is cast, provided no written intimation of such death, revocation or transfer shall have been received by the Company or by the chairman of the meeting before such vote is cast, and, provided, further, that the appointing shareholder, if present in person at said meeting, may revoke the appointment by means of a writing, oral notification to the chairman of such meeting, or otherwise.

BOARD OF DIRECTORS

38. The Board of Directors, Appointment and Dismissal of Directors

(i) The Board of Directors and the board of directors of each subsidiary of the Company shall be composed of up to nine (9) Directors, of which:

a. four (4) of whom shall be appointed from time to time by the Founding Shareholder (each, a "**D.N.A. 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;
b. one (1) of whom shall be jointly appointed by Messrs. Jack Eizikovitz, Fred Knoll, Chaim Davis and Aryeh Rubin for so long as they hold together one percent (1%) or more of the issued and outstanding share capital of the Company on a fully-diluted and As-Converted Basis
c. one (1) of whom shall be appointed by Centillion (the "**Preferred A 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;
d. until immediately prior to the closing of the IPO, one (1) of whom shall be appointed by: (i) Pontifax (Israel), Pontifax (Cayman) IV Fund L.P., and Pontifax (China) IV Fund L.P. on behalf of all persons and entities (the "**Lender Group**") that entered into a Convertible Promissory Note and Loan Agreement with the Company (each, a "**2016 CLA**") dated as of June 14, 2016, for so long as the Loan Obligations (as defined in the 2016 CLAs) have not been converted or repaid in full pursuant to the terms of such 2016 CLAs; or (ii) following the conversion of the 2016 Notes into equity securities of the Company in accordance with the terms of the 2016 Notes, the Lender Group, 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; and
e. two (2) of whom (each, an "**Expert Director**") shall be elected in accordance with these Articles by the vote of the holders of a simple majority of the voting power on as As-Converted Basis represented at such meeting in person or by proxy and voting on such election provided that such vote shall include the affirmative vote of Centillion 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.

(ii) Subject to the provisions of law, a Director who has ceased to act as Director is eligible to be re-appointed.

(iii) Subject to the provisions of law, the office of a Director shall be vacated (including the office of an Alternate Director (as defined in Article 45)) automatically in each of the following events:

(a) upon his death;

(b) if he is declared to be legally incompetent;

(c) if he is declared bankrupt, and if the Director is a corporation, if a liquidator, receiver, special manager or trustee (in each case temporary or permanent) is appointed for the corporation or its assets within the context of a creditors scheme of arrangement or an order of stay of proceedings;

(d) if he resigns from office by written notice to the Company, to the Chairman of the Board of Directors or to the Board of Directors, in which case the office of the Director shall be vacated on the date of service of notice or at such later date as is specified in the notice as the effective date of resignation;

(e) if the Director is convicted in a final judgment of an offence of a nature which disqualifies a person from serving as a company director;

(f) if a court of competent jurisdiction decides to terminate his office in a decision or judgment for which no stay of enforcement granted; or

(g) pursuant to written notice of removal by the party entitled to appoint such Director pursuant to Article 38(i), provided that either or both of the Expert Directors may be removed by a written notice provided by either the holders of a simple majority of the voting power on as As-Converted Basis or by Centillion.

(iv) Notwithstanding anything stated in these Articles, if requested by the Secretary, the appointment of a Director or an Alternate Director, as the case may be (together, the "**Appointee**") shall not come into effect before the Appointee has delivered to the Company a notice in writing in which the Appointee declares that he is lawfully competent to be appointed as a Director of the Company and that he agrees to be appointed as Director of the Company. The notice shall include the personal details of the Appointee for entry into the register of Directors of the Company, and any other particulars requested by the Secretary.

(v) If any Director is not appointed, or if the appointment of any Director does not come into force, or if the office of Director becomes vacant, the remaining Directors may act in any manner provided that their number does not fall below the minimum number specified in these Articles. If the number of Directors falls below the minimum number as aforesaid, the Directors shall not be able to act other than in emergencies, or for the purpose of convening a General Meeting.

(vi) The appointment or removal of a Director shall be effected by the delivery of a notice to the Company at its principal office, signed by the holders of the shares entitled to effect such appointment or removal. Any appointment or removal shall become effective on the date fixed in the notice or upon delivery of the notice to the Company, whichever is later.

(vii) **Observer**. Without derogating from Centillion rights under Section 38(a) above, until the IPO and 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 Centillion shall be entitled to appoint one representative to attend, in a nonvoting observer capacity, all meetings of the Company's Board of Directors (the "**Observer**"). Subject to the Observer entering into a confidentiality and non compete undertaking with the Company, such Observer shall be entitled to receive copies of all notices, written materials and other information provided to all members of the Board of Directors thereof and at the same time as such materials are provided to the members of the Board of Directors thereof, and to attend all such meetings of the Board of Directors. 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 of Directors which 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 of Directors, acting in good faith.

39. Powers of Board of Directors

(a) In addition to all powers and authorities of the Board of Directors as specified in the Companies Law, the determination of the Company's policy, and the supervision of the General Manager (as defined below) and the Company's officers shall be vested in the Board of Directors. In addition, the management of the business of the Company shall be overseen by the Board of Directors, which may exercise all such powers and do all such acts and things as the Company is authorized to exercise and do, and are not required by law or these Articles to be done by the Company by action of its shareholders at a General Meeting. The authority conferred on the Board of Directors by this Article 39 shall be subject to the provisions of the Companies Law, these Articles and any regulation or resolution consistent with these Articles adopted from time to time by the Company by action of its shareholders at a General Meeting; provided, however, that no such regulation or resolution shall invalidate any prior act done by or pursuant to a decision of the Board of Directors that would have been valid if such regulation or resolution had not been adopted.

40. Exercise of Powers of Directors

(a) A meeting of the Board of Directors at which a quorum is present (whether in person, by conference call or by any other device allowing the participating Directors to hear each other simultaneously) shall be competent to exercise all the authorities, powers and discretions vested in or exercisable by the Board of Directors,

(b) A resolution proposed at any meeting of the Board of Directors shall be deemed adopted if approved by a majority of the Directors then in office who are lawfully entitled to participate in the meeting and vote thereunder and present when such resolution is put to a vote and voting thereon.

(c) A resolution may be adopted by the Board of Directors without convening a meeting (i) if all Directors then in office and lawfully entitled to vote thereon (as conclusively determined by the Chairman of the Board of Directors) have given their consent (in any manner whatsoever) not to convene a meeting, in which case the resolution shall be adopted if approved by a majority of the Directors entitled to vote thereon (as determined as aforesaid), or (ii) as a resolution in writing signed by all of the Directors then in office and lawfully entitled to vote thereon (as determined as aforesaid). The Chairman of the Board of Directors shall sign any resolutions adopted pursuant to sub-article (i) above, including the decision to adopt such resolutions without a meeting.

41. Delegation of Powers

The Board of Directors may, subject to the provisions of the Companies Law and the affirmative approval of the Preferred A Director (not to be unreasonably withheld), delegate any or all of its powers to committees, each consisting of two or more persons (all of whose members must be Directors), and it may from time to time revoke such delegation or alter the composition of any such committee. Any committee so formed (in these Articles referred to as a "Committee of the Board of Directors"), shall, in the exercise of the powers so delegated, conform to any regulations imposed on it by the Board of Directors. The meetings and proceedings of any such Committee of the Board of Directors shall, *mutatis mutandis*, be governed by the provisions herein contained for regulating the meetings of the Board of Directors, so far as not superseded by any regulations adopted by the Board of Directors under this Article. Unless otherwise expressly provided by the Board of Directors in delegating powers to a Committee of the Board of Directors, such Committee shall not be empowered to further delegate such powers.

42. Qualification of Directors

No person shall be disqualified to serve as a Director by reason of his not holding shares in the Company or by reason of his having served as a Director in the past.

43. Continuing Directors in the Event of Vacancies

Any vacancy on the Board of Directors shall be filled by the party or parties who have the right to appoint such Director to that vacancy on the Board. In the event of one or more vacancies in the Board of Directors, the continuing Directors may continue to act in every matter. A Director elected to fill a vacancy shall be elected to hold office until the next annual General Meeting, unless earlier removed pursuant to Article 38(iii).

44. Remuneration of Directors

No Director shall be paid any remuneration by the Company for his services as Director except as may be approved by a shareholders' resolution, except for reimbursement of expenses incurred in connection with fulfilling his duties as a Director.

45. Alternate Director

(a) A Director may, by written notice to the Company, appoint an alternate for himself (in these Articles referred to as an "**Alternate Director**"), remove such Alternate Director and appoint another Alternate Director in place of any Alternate Director appointed by him whose office has been vacated for any reason whatsoever. Unless the appointing Director, by the instrument appointing an Alternate Director or by written notice to the Company, limits such appointment to a specified period of time or restricts it to a specified meeting or action of the Board of Directors, or otherwise restricts its scope, the appointment shall be for an indefinite period, and for all purposes.

(b) Any notice given to the Company pursuant to Article 45(a) shall become effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later.

(c) An Alternate Director shall have all the rights and obligations of the Director who appointed him, provided, however, that he may not in turn appoint an alternate for himself, and provided further, that an Alternate Director shall have no standing at any meeting of the Board of Directors or any committee thereof while the Director who appointed him is present.

(d) Any person that meets the qualifications of a director under the Companies Law may act as an Alternate Director. One person may not act as an Alternate Director for more than one Director, nor may a Director act as an Alternate Director.

(e) An Alternate Director shall have the duties and responsibility of a Director. The appointment of an Alternate Director shall not negate the responsibility of the Director who appointed him.

(f) The office of an Alternate Director shall be vacated under the circumstances, *mutatis mutandis*, set forth in Article 38(iii), and such office shall *ipso facto* be vacated if the Director who appointed such Alternate Director ceases to be a Director.

PROCEEDINGS OF THE BOARD OF DIRECTORS

46. Meetings

(a) The Board of Directors may meet and adjourn its meetings and otherwise regulate such meetings and proceedings in accordance with the Company's needs, provided, however, that the Board of Directors must meet at least once a quarter.

(b) The Board of Directors shall be convened as follows:

(i) In accordance with a decision of the Chairman of the Board of Directors;

(ii) At the request of one D.N.A. Director or the Preferred A Director; or

(iii) In any other case in which there is an obligation by law to convene a meeting of the Board of Directors.

(c) If a meeting of the Board of Directors is convened by the Chairman of the Board of Directors, the D.N.A. Director or the Preferred A Director, the meeting shall be convened, but not less than two (2) days notice shall be given of any meeting so convened, provided, however, that the Board of Directors may convene a meeting without such prior notice with the consent of all of the Directors. If a meeting is demanded other than by any of the foregoing Directors, the meeting shall be convened at such time as the persons authorized to convene the meeting shall determine, in a notice which shall be delivered by them to the members of the Board of Directors, but in any event no earlier than three (3) Business Days after the date of delivery of the notice. Despite anything to the contrary in these Articles, failure to deliver notice to a Director of any such meeting in the manner required hereby may be waived by such Director, and a meeting shall be deemed to have been duly convened despite such defective notice if such failure or defect is waived prior to action being taken at such meeting by all Directors entitled to participate in such meeting to whom notice was not duly given.

(d) Subject to the provisions of any law, the agenda for a meeting of the Board of Directors shall be fixed by the persons authorized to convene that meeting. At a meeting of the Board of Directors, only those matters specified in the notice convening the meeting shall be discussed, unless all of the members of the Board of Directors agree to discuss additional matters.

(e) The agenda of meetings of the Board of Directors shall be fixed by the Chairman of the Board of Directors and shall include:

(i) matters determined by the Chairman of the Board of Directors;

(ii) matters specified by the person at whose request the meeting has been convened;

(iii) any matter which a Director or the General Manager of the Company has requested the Chairman to include on the agenda a reasonable time prior to the convening of the meeting of the Board of Directors.

(f) The Board of Directors may hold meetings using any means of communication, provided that all of the Directors participating can hear one another at the same time, as well as in any other manner permitted by law.

(g) Notice of any Board meetings may be given by telephone or by mail, electronic mail or facsimile or other form of electronic communication, at a reasonable time before the meeting to each Director at the last address that the Director provided to the Company. Despite anything to the contrary in these Articles, failure to deliver notice to a Director of any such meeting may be waived by such Director, and a meeting shall be deemed to have been duly convened despite such defective notice if such failure or defect is waived prior to action being taken at such meeting by all Directors entitled to participate in such meeting to whom notice was not duly given.

47. Quorum

(a) Until otherwise decided by the Board of Directors, a quorum at a meeting of the Board of Directors shall be constituted by the presence of at least a majority of the Directors then in office who are lawfully entitled to participate in the meeting; provided, that no Quorum shall exist, other than in the event of an adjourned meeting, without the presence of the Preferred A Director.

(b) If within half an hour from the time appointed for the meeting a Quorum is not present, the meeting shall stand adjourned to the third business day following the date of the Board meeting, at the same time and place, or to such day and at such time and place as the Chairman may determine with the consent of the majority of the Directors present. No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called.

48. Chairman of the Board of Directors

The Board of Directors may from time to time choose one of its Directors to serve as the chairman of the Board to be decided by a simple majority of votes (the "**Chairman**"). The Chairman of the Board of Directors shall preside at every meeting of the Board of Directors, but if there is no such Chairman, or if at any meeting he is not present within fifteen (15) minutes of the time fixed for the meeting, the Directors present at such meeting shall choose one of the Directors to be the Chairman of such meeting. The Chairman shall not have a casting vote.

49. Validity of Acts Despite Defects

Subject to the provisions of the Companies Law all acts done bona fide at any meeting of the Board of Directors, or of a Committee of the Board of Directors, or by any person(s) acting as Director(s), shall, notwithstanding that it may afterwards be discovered that there was some immaterial defect in the appointment of the participants in such meetings or any of them or any person(s) acting as aforesaid, or that they or any of them were disqualified, be as valid as if there were no such defect or disqualification.

GENERAL MANAGER

50. General Manager

(a) Subject to the provisions of Article 67 below, the Board of Directors shall appoint from time to time one or more persons as General Manager(s) of the Company.

(b) The General Manager shall be responsible for the day-to-day management of the affairs of the Company within the framework of the policies determined by the Board of Directors from time to time and subject to the discretion of the Board of Directors.

(c) The General Manager shall have full managerial and operational authority to carry out all the activities which the Company may carry on by law and under these Articles and which have not been vested by law or by these Articles in any other organ of the Company. The General Manager shall be subject to the supervision of the Board of Directors.

(d) The General Manager may, subject to the provisions of the Companies Law, from time to time, appoint a Secretary to the Company, as well as officers, agents, employees and independent contractors, as the General Manager may think fit, and may terminate the service of any such person. The General Manager may, subject to the provisions of the Companies Law and the approval of the Board of Directors, determine the powers and duties, as well as the salaries and emoluments, of all such persons, and may require security in such cases and in such amounts as he thinks fit.

MINUTES

51. Minutes

(a) Minutes of each General Meeting and of each meeting of the Board of Directors shall be recorded and duly entered in books provided for that purpose. Such minutes shall, in all events, set forth the names of the persons present at the meeting and all resolutions adopted thereat.

(b) Any minutes as aforesaid, if purporting to be signed by the chairman of the meeting, shall constitute *prima facie* evidence of the matters recorded therein.

DIVIDENDS

52. Declaration and Payment of Dividends

Subject to the provisions of the Companies Law and the provisions of Article 67, the Board of Directors may from time to time declare, and cause the Company to pay, such dividend as may appear to the Board of Directors to be justified. The Board of Directors shall determine the time for payment of such dividends, and the record date for determining the shareholders entitled thereto; provided, that such date shall not be prior to the date of the resolution to distribute the dividend and no Shareholder who shall be registered in the Register of Shareholders with respect to any shares after the record date so determined shall be entitled to share in any such dividend with respect to such shares.

53. Amount Payable by Way of Dividends

(a) Subject to the rights of the holders of shares with special rights as to dividends and subsection (b) below, any dividend paid by the Company shall be allocated among the shareholders entitled thereto in proportion to their respective holdings of the shares in respect of which such dividend is being paid.

(b) The Company shall not declare or pay any dividends on Ordinary Shares until each of the holders of the Preferred Shares then issued and outstanding shall have first received, or simultaneously receive, dividends at the rate of five percent (5%) per annum of the applicable Original Issue Price. Such dividends on the Preferred Shares shall not accrue on an annual basis, but shall only be payable as and when declared by the Board of Directors (the "**Dividend Preference**"). Following the declaration and payment of such dividends on the Preferred Shares, any other dividends or similar distributions, shall be declared and paid proportionately to the holders of Ordinary Shares and Preferred Shares on an As-Converted Basis. Notwithstanding the above, in the event that a dividend distribution shall cause holders of any class of Preferred Shares to receive an aggregate amount per such class of Preferred Shares greater than three (3) times the applicable Original Issue Price (as adjusted for any recapitalization, share combinations, share dividends, share splits and the like with respect to such shares) had all such class of Preferred Shares been converted into Ordinary Shares pursuant to Article 6 immediately prior to such dividend distribution and the dividend would have been distributed among the holders of Ordinary Shares (and Preferred Shares) on a pro rata basis, then the holders of such class of Preferred Shares shall not be entitled to the Dividend Preference and following the payment of the Dividend Preference to the holders of the other Preferred Shares (if any), the remaining dividend shall be distributed among the holders of Ordinary Shares (then outstanding) and such class of Preferred Shares (then outstanding) on a pro rata basis, on an As-Converted Basis.

(c) Shares which are fully paid up or which are credited as fully or partly paid within any period which in respect thereof dividends are paid shall entitle the holders thereof to a dividend in proportion to the amount paid up or credited as paid up in respect of the nominal value of such shares and to the date of payment thereof (pro rata).

54. Interest

No dividend shall carry interest against the Company.

55. Deductions from Dividends

The Board of Directors may deduct from any dividend or other moneys payable to any shareholder in respect of a share any and all sums of money then payable by him to the Company on account of calls or otherwise in respect of shares of the Company and/or on account of any other matter of transaction whatsoever.

56. Retention of Dividends

(a) The Board of Directors may retain any dividend or other moneys payable or property distributable in respect of a share on which the Company has a lien, and may apply the same in or toward satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

(b) The Board of Directors may retain any dividend or other moneys payable or property distributable in respect of a share in respect of which any person is, under these Articles, entitled to become a shareholder, or which any person is, under these Articles, entitled to transfer, until such person shall become a shareholder in respect of such share or shall transfer the same.

57. Unclaimed Dividends

All unclaimed dividends or other moneys payable in respect of a share may be invested or otherwise made use of by the Board of Directors for the benefit of the Company until claimed. The payment by the Directors of any unclaimed dividend or such other moneys into a separate account shall not constitute 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, and any such other moneys unclaimed after a like period from the date the same were payable, shall be forfeited and shall revert to the Company, provided, however, that the Board of Directors may, at its discretion, cause the Company to pay any such dividend or such other moneys, or any part thereof, to a person who would have been entitled thereto had the same not reverted to the Company.

58. Mechanics of Payment

Any dividend or other moneys payable in cash in respect of a share may be paid by check or warrant sent through the post to, or left at, the registered address of the person entitled thereto or by transfer to a bank account specified by such person (or, if two or more persons are registered as joint holders of such share or are entitled jointly thereto in consequence of the death or bankruptcy of the holder or otherwise, to any one of such persons or to his bank account), or to such person and at such address as the person entitled thereto may by writing direct. Every such check or warrant shall be made payable to the order of the person to whom it is sent, or to such person as the person entitled thereto as aforesaid may direct, and payment of the check or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such check or warrant shall be sent at the risk of the person entitled to the money represented thereby.

59. Receipt from a Joint Holder

If two or more persons are registered as joint holders of any share, or are entitled jointly thereto in consequence of the death or bankruptcy of the holder or otherwise, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable in respect of such share.

ACCOUNTS

60. Books of Account

The Board of Directors shall cause accurate books of account to be kept in accordance with the provisions of the Companies Law and of any other applicable law. Such books of account shall be kept at the Registered Office of the Company, or at such other place or places as the Board of Directors may think fit, and they shall always be open to inspection by all Directors.

61. Audit

At least once in every fiscal year the accounts of the Company shall be audited and the correctness of the profit and loss account and balance sheet certified by one or more duly qualified auditors ("**Auditor(s)**").

62. Auditors

The appointment, authorities, duties, responsibilities, rights, remuneration and powers of the Auditor(s) shall be fixed by applicable law and under these Articles, provided, however, that in exercising their authority to fix the remuneration of the Auditor(s), the shareholders in General Meeting may act (and in the absence of any action in connection therewith shall be deemed to have so acted), to authorize the Board of Directors to fix such remuneration subject to such criteria or standards, if any, as may be provided in the resolution relating to such act, and if no such criteria or standards are so provided, such remuneration shall be fixed in an amount commensurate with the volume and nature of the services rendered by the Auditor(s). The General Meeting shall have the power to appoint the auditors to the maximum time period provided under the Companies Law.

RIGHTS OF SIGNATURE

63. Rights of Signature

The Board of Directors shall be entitled to authorize any person or persons (who need not be Directors) to act and sign on behalf of the Company, and the acts and signature of such person(s) on behalf of the Company shall bind the Company insofar as such person(s) acted and signed within the scope of his or their authority.

NOTICES

64. Notices

(a) Any written notice or other document may be served by the Company upon any shareholder either personally or by sending it by facsimile or electronic mail with a copy by prepaid mail (airmail if sent internationally) addressed to such shareholder at his address as described in the Register of Shareholders or such other address as he may have designated in writing for the receipt of notices and other documents. Any written notice or other document may be served by any shareholder upon the Company by tendering the same in person to the Secretary or the General Manager of the Company at the principal office of the Company or by sending it by facsimile or electronic mail with a copy by prepaid mail (airmail if sent internationally) to the Company at its registered address. Any

such notice or other document shall be deemed to have been served (i) in the case of mailing, two (2) Business Days after it has been posted (seven (7) Business Days if sent internationally), or when actually received by the addressee if sooner than two (2) days or seven (7) days, as the case may be, after it has been posted; (ii) in the case of overnight air courier, on the third (3rd) Business Day following the day sent, with receipt confirmed by the courier, or when actually received by the addressee if sooner than three (3) Business Days after it has been sent; (iii) in the case of personal delivery, on the date such notice was actually tendered in person to such shareholder (or to the Secretary or the General Manager); (iv) in the case of facsimile transmission, on the date on which the sender receives automatic electronic confirmation by the recipient's facsimile machine that such notice was received by the addressee; and (v) in the case of electronic mail, on the date when actually received by the addressee. The mailing date or publication date and the date of a meeting shall be counted as part of the days comprising any notice period in connection therewith. If a notice is, in fact, received by the addressee, it shall be deemed to have been duly served, when received, notwithstanding that it was defectively addressed or failed, in some respect, to comply with the provisions of this Article 64(a). A notice that is defectively addressed or that otherwise fails to comply with the provisions of this Article shall nevertheless be deemed to have been served if and when actually received by the addressee.

(b) All notices to be given to the shareholders shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the Register of Shareholders, and any notice so given shall be sufficient notice to the holders of such share.

(c) Any shareholder whose address is not described in the Register of Shareholders, 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.

EXEMPTION, INSURANCE AND INDEMNITY

65. Exemption, Indemnity and Insurance

(a) Exemption From Duty of Care

Subject to the provisions of the Companies Law and to the extent permitted under law, including the receipt of all approvals as required therein or under any applicable law, and subject further to as provided herein, the Company may resolve to exempt in advance an Office Holder from all or part of such Office Holder's responsibility or liability for damages caused to the Company due to any breach of such Office Holder's duty of care towards the Company, other than for a breach of duty of care stemming from a Distribution (as defined in the Companies Law).

(b) Indemnification

(i) 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 indemnify an Office Holder with respect to the following liabilities and expenses, provided that such liabilities or expenses were imposed on or incurred by such Office Holder in such Office Holder's capacity as an Office Holder of the Company:

(1) a financial obligation imposed on an Office Holder pursuant to a judgment in favor of another person, including a judgment imposed on such Office Holder in a settlement or in an arbitration decision that was approved by a court of law;

(2) reasonable legal expenses, including attorney's fees, expended by the Office Holder as a result of an investigation or proceeding instituted against the Office Holder by a competent authority, provided that such investigation or proceeding concluded without the filing of an indictment against him and either (A) concluded without the imposition of any financial liability in lieu of criminal proceedings, or (B) 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. In this section, conclusion of a proceeding without filing an indictment in a matter in which a criminal investigation has been instigated, and the term “financial liability in lieu of a criminal proceeding” shall have the meaning ascribed to such terms under the Companies Law;

(3) reasonable legal expenses, including attorney's fees, which the Office Holder incurred or with which the Office Holder was charged by a court of law, in a proceeding brought against the Office Holder, by the Company, on its behalf or by another person, or in a criminal prosecution in which the Office Holder was acquitted, or in a criminal prosecution in which the Office Holder was convicted of an offense that does not require proof of criminal intent;

(4) a payment which the Office Holder is obligated to make to an injured party as set forth in Section 52(54)(a)(1)(a) of the Securities Law, 5728-1968 (the "Securities Law"), and expenses that the Office Holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses, which term includes attorneys' fees; and

(5) any other event, occurrence or circumstances in respect of which the Company may lawfully indemnify an Office Holder of the Company.

(ii) The foregoing indemnification may be procured by the Company (a) retroactively and (b) as a commitment in advance to indemnify an Office Holder, provided that (A) in respect of Article 65(b)(i)(1), the undertaking is limited to events which, in the opinion of the Board of Directors, are foreseeable in light of the Company's actual operations when the undertaking to indemnify is given and to an amount or criteria set by the Board of Directors as reasonable under the circumstances, and further provided that such events and amounts or criteria are set forth in the undertaking to indemnify and (B) in respect of Articles 65(b)(i)(4) and 65(b)(i)(5), to the extent permitted by law.

(c) Insurance

(i) Subject to the provisions of the Companies Law, including the receipt of all approvals as required therein or under any applicable law, and subject further to Article 65(d), the Company may enter into an agreement to insure an Office Holder for any responsibility or liability that may be imposed on such Office Holder in connection with an act performed by such Office Holder in such Office Holder's capacity as an Office Holder of the Company, with respect to each of the following:

(1) violation of the duty of care of the Office Holder towards the Company or towards another person;

(2) breach of the fiduciary duty towards the Company, provided that the Office Holder acted in good faith and with reasonable grounds to assume that such action would not prejudice the benefit of the Company;

(3) a financial obligation imposed on the Office Holder for the benefit of another person;

(4) a payment which the Office Holder is obligated to make to an injured party as set forth in Section 52(54)(a)(1)(a) of the Securities Law and expenses that the Office Holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses, which term includes attorneys' fees.

(d) The provisions of this Article 65 are not intended, and shall not be construed, to restrict the Company in any manner in respect of the procurement of insurance and/or payment of indemnification (i) in connection with 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, and/or (ii) in connection with any Office Holder to the extent that such insurance and/or indemnification is not specifically prohibited under law.

Any amendment to the Companies Law, the Securities Law or any other applicable law adversely affecting the right of any Office Holder to be indemnified or insured pursuant to this Article 65 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 the Companies Law, the Securities Law or such other applicable law.

(e) Notwithstanding anything to the contrary in these Articles or any other agreement or instrument, the Company shall not insure, indemnify or release the Office Holder with respect to events or circumstances for which insurance, indemnification or release are not permitted under law.

(f) Articles 65(a), 65(b) and 65(c) shall not apply under any of the following circumstances:

(i) a breach of an Office Holder's fiduciary duty vis-à-vis the Company, unless the Office Holder acted in good faith and had reasonable grounds to assume that the action in question will not harm the Company's interest;

(ii) an intentional or reckless breach of an Office Holder's duty of care, other than a negligent breach of the duty of care;

(iii) an action by an Officer in which such Officer intended to reap personal gain unlawfully; and

(iv) a fine or monetary levy levied on an Officer.

WINDING UP, LIQUIDATION AND DISSOLUTION

66. In the event of any Liquidation Event or Deemed Liquidation Event (as defined below) (each, a "**Distribution Event**"), then, subject to applicable law, all the assets or proceeds of the Company available for distribution among the shareholders (the "**Distributable Proceeds**") shall be distributed to them in the following order of preference:

(a) First, each holders of Preferred Shares shall be entitled to receive, pari passu and on the same level of seniority to the other Preferred Shares, prior and in preference to any distribution of any of the assets of this Company to the holders of Ordinary Shares by reason of their ownership thereof, an amount per share equal to the sum of (i) the applicable Original Issue Price of such Preferred Share, (2) all declared but unpaid dividends and (3) interest on the applicable Original Issue Price calculated at the rate of 5% per annum on the basis of a 365-day year (cumulatively for all such Preferred Shares, the "**Preferred Preference**"). If upon the occurrence of such event, the assets and funds thus distributed among the holders of the Preferred Shares shall be insufficient to permit the payment to such holders of the full Preferred Preference, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Preferred Shares in proportion to the preferential amounts each holder of Preferred Shares is entitled to receive out of the Preferred Preference.

(b) Upon the completion of the distribution required by subparagraph (a) of this Article 66, the remaining assets of the Company available for distribution to shareholders shall be distributed among the holders of Ordinary Shares and Preferred Shares on a pro rata basis and an As-Converted Basis.

(c) Notwithstanding the above, in the event that a Distribution Event shall cause the holders of a class of Preferred Shares to receive an aggregate amount per such Preferred Shares greater than three (3) times the applicable Original Issue Price of such class of Preferred Shares (as adjusted for any recapitalization, share combinations, share dividends, share splits and the like with respect to such shares) had all such Preferred Shares been converted into Ordinary Shares pursuant to Article 6 immediately prior to such Distribution Event and the Distributable Proceeds would have been distributed among the holders of Ordinary Shares (and Preferred Shares) on a pro rata basis, then the holders of such Preferred Shares shall not be entitled to any portion of the Preferred Preference and following the payment of the remaining Preferred Preference to all other Preferred Shares (according to Article 66 (a) above, the remaining Distributable Proceeds shall be distributed among the holders of Ordinary Shares (then outstanding) and such class of Preferred Shares (then outstanding) on a pro rata basis, on an As-Converted Basis.

(d) For purposes of this Article 66, a liquidation, bankruptcy, reorganization, dissolution or winding up of this Company, whether voluntary or involuntary (each, a "**Liquidation Event**") shall be deemed to be occasioned by, and to include (each below event shall be included in the definition of a "**Deemed Liquidation Event**"), in the event of a consolidation, merger or reorganization of the Company with or into, or a sale of all or substantially all of the Company's assets, or substantially all of the Company's issued and outstanding capital stock, to, any other company, or any other entity or person, other than a wholly-owned subsidiary of the Company or an exclusive, worldwide, irrevocable licensing of all or substantially all of the Company's intellectual property to a third party, excluding a transaction in which stockholders of the Company prior to the transaction will maintain voting control of the resulting entity after the transaction, or any transaction or series of related transactions in which the Company's shareholders immediately prior to such transaction hold immediately following such transaction less than fifty percent (50%) of the voting power of the surviving or acquiring entity, other than in connection with a bona fide private equity financing of the Company. The holders of a majority of the outstanding Series A Preferred Shares including a specific waiver of Centillion, acting in writing prior to the closing of such transaction, may waive the treatment of such a transaction as a Distribution Event.

(e) In any such Liquidation Event, if the consideration received by the Company is other than cash, its value will be deemed to be its fair market value, as shall be determined in good faith by the Board of Directors. Notwithstanding the aforesaid, any publicly-traded securities to be distributed to Shareholders in a Distribution Event shall be valued as follows: (i) if the securities are then traded on a national securities exchange or the NASDAQ Stock Market (or similar national quotation system), then the value of the securities shall be deemed to be the average of the closing prices of the securities on such exchange or system over the thirty (30) trading-day period ending five (5) trading days prior to the distribution; or (ii) if the securities are actively traded over-the-counter, then the value of the securities shall be deemed to be the average of the closing bid prices of the securities over the thirty (30) trading-day period ending five (5) trading days prior to the distribution.

(f) The Company shall give each holder of record of Preferred Shares written notice of such impending transaction not later than fourteen (14) days prior to the stockholder meeting called to approve such transaction.

MAJOR DECISIONS

67. (a) Until the Qualified Public Offering and in addition to any action or resolution required by applicable law, so long as any Series A Preferred Shares are outstanding, the Company or any of the Company's subsidiaries, shall not without first obtaining the approval (by vote or written consent, as provided by law) of the holders of a majority of the outstanding Series A Preferred Shares including the affirmative approval of Centillion (voting together as a separate series) cause or permit the Company (or any of its subsidiaries, as applicable) to: (i) amend or otherwise modify the Company's Articles of Association in a manner which detrimentally affects the Series A Preferred Shares (it being understood that the creation by the Company of any class or series of shares or other securities having rights or a preference equal or superior to the Series A Preferred Shares made within the framework of a financing round of the Company which impairs the accompanying rights of the holders of Series A Preferred Shares due to: (a) dilution of the holders of Series A Preferred Shares; and/or (b) issuance of shares which has preferences over Series A Preferred Shares according to the principle of last-in-first-out (even if the preferences of the new class of shares vary from the preferences of the Series A Preferred Shares) shall not be deemed to have a detrimental effect on the Series A Preferred Shares, as long as the holders of Series A Preferred Shares have had an opportunity to exercise their preemptive rights pursuant to Article 11 in connection with the issuance of such securities by the Company); (ii) adversely alter or change the rights, preferences, or privileges of the Series A Preferred Shares, subject to the provisions of sub-section (i) above; (iii) effect a consummation of any Distribution Event of the Company or its subsidiaries (other than a Qualified Public Offering); (iv) increase or decrease the number of directors; (v) declare or pay any dividend or other distribution of cash, shares, or other assets of the Company, such approval not to be unreasonably withheld; (vi) approve or enter into an interested party transaction including but not limited to a transaction with any officer, director, shareholder or a party otherwise related directly or indirectly, to any of them; (vii) repurchase or redeem any share capital of the Company except for purchases at cost upon termination of service or the exercise by the Company of contractual rights of first refusal over such shares; (viii) increase the number of shares reserved for issuance pursuant to the Company's employee share option plan or any similar plan; (ix) authorize the issuances of any equity securities or securities convertible into or exercisable for equity securities of the Company (other than options to employees or service providers pursuant to the option plan approved by the Board of Directors, including one Preferred Director), provided that no such consent shall be required in connection with an Exempted Financings , or (x) choose underwriters in connection with the IPO, which approval shall not be unreasonably withheld. For the purpose herein, "**Exempted Financing**" shall mean one or series of investments in the Company by new investors that are not already shareholders of the Company or Affiliates thereof (the "**New Shareholders**"), in an aggregate amount not to exceed three million dollars (U.S.$3,000,000), at a price per share not lower than the Original Series A Issue Price and in consideration of the Company's Series A Preferred Shares or securities having equal or lesser rights, in furtherance of a Qualified Public Offering or that an underwriter chosen in connection with a Qualified Public Offering reasonably believes to be beneficial to a Qualified Public Offering (the "**Exempted Financings**")

(b) In addition, for so long as the Series A Preferred Shares are entitled to elect a Preferred A Director, the Company shall not, whether by action or through resolution of the Company's Board of Directors (or any committee thereof), or of any subsidiary of the Company, take any of the actions set forth below, without the affirmative vote of a Preferred A Director:

(i) make any loan or advance to any employee or Officer in an amount greater than (x) $10,000 for any one loan or advance or (y) $25,000 in the aggregate for all loans and advances outstanding at any one time;

(ii) guarantee any indebtedness above $25,000 outside of the ordinary course;

(iii) make any investment inconsistent with any investment policy approved by the Board;

(iv) incur any aggregate indebtedness or enter into a commitment in excess of seventy-five thousand US dollars (US$75,000) that is not already included in a Board-approved budget;

(v) enter into or be a party to any transaction with any director, or officer or any "affiliate" of any such person;

(vi) change the principal business of the Company, enter new lines of business, or exit the current line of business;

(vii) enter into any corporate strategic relationship involving the payment contribution or assignment by the Company or to the Company of assets greater than one hundred thousand US dollars (US$100,000) not already included in a Board-approved budget;

(viii) approve the Company's annual budget which such vote shall not be unreasonably withheld; and

(ix) as of the Original Issue Date of the Preferred A Shares, create a new option plan or divest the vesting schedule of any Options granted pursuant to any current or future plan from the following vesting, except to the extent any such alternate vesting schedule is a current practice of the Company as of the date of the SPA Series A: twenty-five percent (25%) after one (1) year of grant with the remaining vesting in equal installments over the following three (3) years (whether on an equal monthly, quarterly or annual basis).

* * * * *

No. OS-X
Ordinary Shares

'מס OS-X
מניות רגילות

אנטרה ביו בע"מ
ENTERA BIO LTD.

SHARE CERTIFICATE

תעודת מניה

Authorized Capital: 10,770
divided into:
1,000,000 Ordinary Shares of NIS 0.01 nominal value each;
25,000 Series A Preferred Shares of NIS 0.01 nominal value each
35,000 Series B Preferred Shares of NIS 0.01 nominal value each
17,000 Series B-1 Preferred Shares of NIS 0.01 nominal value each

ההון הרשום הינו: 10,770
:מחולק ל
;מניות רגילות בנות 0.01 ₪ ע.נ כל אחת 1,000,000
.מניות בכירות א' בנות 0.01 ₪ ע.נ כל אחת 25,000
.מניות בכירות ב' בנות 0.01 ₪ ע.נ כל אחת 35,000
.מניות בכירות ב'-1 בנות 0.01 ₪ ע.נ כל אחת 17,000

This is to Certify

זאת לעדות

that:
is the Registered Holder of XXX Ordinary Shares of
NIS 0.01 nominal value each

: כי
מניות רגילות XXXX הוא הבעל הרשום של
בנות 0.01 ₪ ע.נ כל אחת

fully paid up in accordance with the Articles of Association of the Company

ושתמורתן שולמה במלואה, בהתאם לתקנון ההתאגדות של החברה

Given Under the Common Seal of the Company

נערך ונחתם בחותמת החברה

This day of ,

ביום בחודש ,שנת

Director:

:מנהל

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

Exhibit 4.2

FORM OF WARRANT

THIS WARRANT AND THE APPLICABLE SHARES ISSUABLE UPON EXERCISE THEREOF 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.

WARRANT TO PURCHASE SHARES OF ENTERA BIO

For value received and subject to the provisions set forth in this warrant (this "**Warrant**"), Centillion Fund ("**Centillion**") and its assignees are entitled to purchase from **Entera Bio Ltd.**, an Israeli Company (the "**Company**"):

Type of Shares:	Applicable Shares.
Exercise Price:	$[ ] , subject to adjustment as set forth below.
Number of Shares	[ ], subject to adjustment as set forth below.
Term of Warrant:	The earlier to occur of: (i) two (2) years from an IPO (as defined below), or (ii) seven (7) years from the Warrant Date.
Warrant Date:	[ ], 2014

The number of Shares for which this Warrant is exercisable and the Exercise Price may be adjusted as specified in Section 5.

1. Definitions. As used herein, capitalized terms not otherwise defined herein shall have the meanings set forth in the introductory paragraph of this Warrant or the following meanings:

a. "***Applicable Shares***" means (i) prior to the Company's initial public offering 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 (an "**IPO**"), the Company's Series A Preferred Shares, (ii) after the conversion of all of the outstanding shares of such series of preferred shares into Ordinary Shares, either automatically or by vote of the requisite holders thereof, the Company's Ordinary Shares, and (iii) upon any conversion, exchange, reclassification or change, any security into which the shares described in clauses (i) or (ii) of this definition may be converted, exchanged, reclassified or otherwise changed.

b. "***Change of Control***" shall mean any (i) acquisition of the Company by another entity 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 substantially all of the assets of the Company.

c. "***Ordinary Shares***" means the Ordinary Shares of the Company, each having a nominal value of NIS 0.01.

d. "**Exercise Price**" means the exercise price per share of Applicable Shares specified in the introductory paragraph of this Warrant.

e. "**Holder**" means the initial holder of this Warrant set forth in the first paragraph of this Warrant and any other person or entity which becomes a holder of this Warrant pursuant to the terms of this Warrant.

f. "**Shares**" means the Applicable Shares of Company issuable upon exercise of this Warrant.

g. "**Warrant Date**" means the date of this Warrant specified in the introductory paragraph of this Warrant.

2. Term. The right to purchase Applicable Shares upon exercise hereof is exercisable at any time and from time to time from the Warrant Date until the end of the Term of Warrant specified in the introductory paragraph of this Warrant.

3. Payment and Exercise. The purchase right represented by this Warrant may be exercised by the Holder, in whole or in part and from time to time, at the election of the Holder, by the surrender of this Warrant (with the notice of exercise substantially in the form attached hereto as Exhibit A duly completed and executed) at the principal office of the Company and by the payment to the Company, by check, or by wire transfer to an account designated by the Company of an amount equal to the then applicable Exercise Price multiplied by the number of Shares then being purchased.

The person or persons in whose name(s) any certificate(s) representing Applicable Shares shall be issuable upon exercise of this Warrant 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 Shares represented thereby (and such Shares shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Warrant is exercised. In the event of any exercise of the rights represented by this Warrant, certificates for the Shares so purchased shall be delivered to the Holder as soon as possible and in any event within thirty (30) days after such exercise and, unless this Warrant has been fully exercised or expired, a new Warrant representing the portion of the Shares, if any, with respect to which this Warrant shall not then have been exercised shall also be issued to the Holder as soon as possible and in any event within such thirty-day period; provided, however, that at such time as the Company is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, if requested in writing by the Holder, the Company shall cause its transfer agent to deliver the certificate representing Shares issued upon exercise of this Warrant to a broker or other person (as directed by the Holder exercising this Warrant) within the time period required to settle any trade made by the Holder after exercise of this Warrant.

4. Shares Fully Paid; Reservation of Shares. All Shares that may be issued upon the exercise of the rights represented by this 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. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issue upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of Applicable Shares to provide for the exercise of the rights represented by this Warrant and, while the Applicable Shares is convertible preferred shares, a sufficient number of Ordinary Shares to provide for the conversion of the Applicable Shares into Ordinary Shares.

5. Adjustment of Exercise Price and Number of Shares. The number and kind of shares purchasable upon the exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

a. Change of Control. In case of any Change of Control, the Company, or such successor or purchasing corporation, as the case may be, shall make appropriate provision, so that the Holder shall receive upon exercise of this Warrant at a total purchase price not to exceed that payable upon the exercise of the unexercised

portion of this Warrant, and in lieu of the Applicable Shares theretofore issuable upon exercise of this Warrant, the kind and amount of shares, other securities, money and property receivable upon such Change of Control by a holder of the number of Applicable Shares then purchasable under this Warrant.

b. Reclassifications or Reorganizations. In case of any reclassification, capitalization reorganization or change of securities of the class issuable upon exercise of this Warrant (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), the Company shall duly execute and deliver to the Holder a new Warrant (in a form substantially similar to this Warrant), or the Company shall make appropriate provision without the issuance of a new Warrant, so that the Holder shall have the right to receive upon exercise of this Warrant, at a total purchase price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, and in lieu of the Applicable Shares theretofore issuable upon exercise of this Warrant, the kind and amount of shares, other securities, and property receivable upon such reclassification, reorganization or change by a holder of the number of Applicable Shares then purchasable under this Warrant. The provisions of this Section 5b shall similarly apply to successive reclassifications, reorganizations and changes.

c. Subdivision, Shares Dividend or Combination of Shares. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide, distribute a dividend payable in Applicable Shares or combine its outstanding Applicable Shares, the Exercise Price shall be proportionately decreased and the number of Shares issuable hereunder shall be proportionately increased in the case of a subdivision or a share dividend and the Exercise Price shall be proportionately increased and the number of Shares issuable hereunder shall be proportionately decreased in the case of a combination.

d. Adjustment of Number of Shares. Upon each adjustment in the Exercise Price, the number of Applicable Shares purchasable hereunder shall be adjusted, to the nearest whole share, to the product obtained by multiplying the number of Shares purchasable immediately prior to such adjustment in the Exercise Price by a fraction, the numerator of which shall be the Exercise Price immediately prior to such adjustment and the denominator of which shall be the Exercise Price immediately thereafter.

e. Antidilution Rights. The other antidilution rights applicable to the Applicable Shares purchasable hereunder, if any, are set forth in the Company's Amended and Restated Articles of Incorporation, as amended through the Warrant Date, a true and complete copy of which is attached hereto as Exhibit B (the "***Charter***"). The Company shall promptly provide the Holder with any restatement, amendment, modification or waiver of the Charter promptly after the same has been made.

6. Notice of Adjustments. Whenever the Exercise Price or the number of Shares purchasable hereunder shall be adjusted pursuant to Section 5 hereof, the Company shall make a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the Exercise Price and the number of Shares purchasable hereunder after giving effect to such adjustment, and shall cause copies of such certificate to be delivered to the Holder. In addition, whenever the conversion price or conversion ratio of the Applicable Shares shall be adjusted, the Company shall make a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the conversion price or ratio of the Applicable Shares after giving effect to such adjustment, and shall cause copies of such certificate to be delivered to the Holder.

7. Fractional Shares. No fractional Applicable Shares will be issued in connection with any exercise 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.

8. Rights as Shareholders; Information. Without derogating Section 5 above, no Holder, as a holder of this Warrant, shall be entitled to vote or receive dividends or be deemed the holder of Applicable Shares or any other securities of the Company which may at any time be issuable upon the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any

meeting thereof, or to receive dividends or subscription rights or otherwise until this Warrant shall have been exercised and the Shares purchasable upon the exercise hereof shall have become deliverable, as provided herein. Notwithstanding the foregoing, the Company will transmit to the Holder such information, documents and reports as are generally distributed to the holders of any class or series of the securities of the Company concurrently with the distribution thereof to the holders of the Applicable Shares except if such information, documents and reports are otherwise publicly filed or made publicly available by the Company.

9. Notice Rights.

a. Change of Control Transactions. The Company shall provide the Holder with at least fourteen (14) days' written notice prior to the consummation of a Change of Control.

b. Dividends and Repurchases. The Company shall provide the Holder with at least fourteen (14) days written notice prior to the record date of any cash dividend with respect to or offer to repurchase the Applicable Shares.

c. Liquidation. The Company shall provide the Holder with at least fourteen (14) days written notice prior to any voluntary or involuntary dissolutions, liquidation or winding-up of the Company.

10. Representations and Warranties. The Company represents and warrants to the Holder as follows:

a. This Warrant has been duly authorized and executed by the Company and is a valid and binding obligation of the Company enforceable in accordance with its terms.

b. The Shares have been duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable and free from preemptive rights.

c. The rights, preferences, privileges and restrictions granted to or imposed upon the Applicable Shares and the holders thereof are as set forth in the Charter, and on the Warrant Date, each share of the Applicable Shares represented by this Warrant is convertible into one share of Ordinary Shares.

d. The Ordinary Shares issuable upon conversion of the Shares have been duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms of the Charter will be validly issued, fully paid and nonassessable.

e. The execution and delivery of this Warrant are not, and the issuance of the Shares upon exercise of this Warrant in accordance with the terms hereof will not be, inconsistent with the Company's Charter, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to the Company, and do not and will not conflict with or contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument of which the Company is a party or by which it is bound or require the consent or approval of, the giving of notice to, the registration or filing with or the taking of any action in respect of or by, any government authority or agency or other person, except for the filing of notices pursuant to applicable securities laws, which filings will be effected by the time required thereby.

11. Restrictions on Transfer. By acceptance of this Warrant, the Holder hereby agrees that (i) until the consummation of an IPO the Holder will not sell, offer for sale, pledge, hypothecate or otherwise transfer ("**Transfer**") this Warrant except to a Permitted Transferee (as such term is defined in Article 19 of the Company's Third Amended and Restated Articles of Association) 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 Warrant or the Shares issued or issuable upon exercise hereof, as the case may be, and registration or qualification under applicable state securities laws, the Holder will not Transfer any or all this Warrant or the Shares, 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 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. In the event of any Transfer in compliance with the terms and conditions of this Section 11, the Holder may Transfer this Warrant, in whole or in part, upon surrender of this Warrant properly endorsed and delivery of a Form of Assignment in substantially the form attached hereto as Exhibit C duly executed by the Holder and upon payment of any necessary transfer tax or other governmental charge imposed upon such transfer, if any.

12. Compliance with Securities Laws. By acceptance of this Warrant, the Holder hereby represents, warrants and covenants that any securities purchased upon exercise of this Warrant or acquired upon conversion thereof shall be acquired for investment only and not with a view to, or for sale in connection with, any distribution thereof; that the Holder has had such opportunity as the Holder has deemed adequate to obtain from representatives of the Company such information as is necessary to permit the Holder to evaluate the merits and risks of its investment in the Company; that the Holder is able to bear the economic risk of holding the Shares for an indefinite period; that the Holder understands that the Shares will not be registered under the Act (unless otherwise required pursuant to exercise by the Holder of the registration rights, if any, granted to the Holder) and will be "restricted securities" within the meaning of Rule 144 promulgated under the Act; and that all stock certificates representing Shares 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.

13. **Modification and Waiver.** This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought.

14. **Notices.** Any notice, request, communication or other document required or permitted to be given or delivered to the Holder 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 Holder at its address as shown on the books of the Company or to the Company at the address indicated therefor on the signature page of this Warrant.

15. **Binding Effect on Successors.** This Warrant shall be binding upon any corporation succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets, and all of the obligations of the Company relating to the Applicable Shares issuable upon the exercise or conversion of this Warrant shall survive the exercise, conversion and termination of this Warrant and all of the covenants and agreements of the Company shall inure to the benefit of the successors and assigns of the Holder.

16. **Lost Warrants or Stock Certificates.** The Company covenants to the Holder that, upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant or any share certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant or share certificate, the Company will make and deliver a new Warrant or share certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or shares certificate.

17. **Descriptive Headings.** The descriptive headings of the various Sections of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The language in this Warrant shall be construed as to its fair meaning without regard to which party drafted this Warrant.

18. **Governing Law.** This Warrant shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Israel.

19. **Survival of Representations, Warranties and Agreements.** All representations and warranties of the Company and the Holder contained herein shall survive the Warrant Date, the exercise or conversion of this Warrant (or any part hereof) or the termination or expiration of rights hereunder. All agreements of the Company and the Holder contained herein shall survive indefinitely until, by their respective terms, they are no longer operative.

20. Remedies. In case any one or more of the covenants and agreements contained in this Warrant shall have been breached, the Holder (in the case of a breach by the Company), or the Company (in the case of a breach by the Holder), may proceed to protect and enforce their or its rights either by suit in equity and/or by action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Warrant.

21. No Impairment of Rights. The Company will not, by amendment of its Charter or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against impairment.

22. Severability. The invalidity or unenforceability of any provision of this Warrant in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction, or affect any other provision of this Warrant, which shall remain in full force and effect.

23. Entire Agreement; Modification. This Warrant constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and undertakings of the parties, whether oral or written, with respect to such subject matter.

[Signature Page Follows]

The Company has caused this Warrant to be duly executed and delivered as of the Warrant Date specified above.

ENTERA BIO LTD.

Name:
Title:

Address for Notices:

Entera Bio Ltd.
Jerusalem Bio Park
PO Box 12117
Jerusalem 91220
Tel: +972-54-535-2683
Attn: Dr. Phillip Schwartz

with a copy (which shall not constitute notice) to:

Adam M. Klein, Adv.
Goldfarb Seligman & Co.
Electra Tower
98 Yigal Alon Street
Tel Aviv 6789141, Israel
Fax: +972-3-608-9855

EXHIBIT A

NOTICE OF EXERCISE

To: Entera Bio Ltd. (the "**Company**")

1. The undersigned hereby elects to purchase _____ shares of [Applicable Shares] [Ordinary Shares] of the Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

2. Please issue a certificate or certificates representing _____ shares in the name of the undersigned:

_____

(Name)

_____

_____

(Address

3. The undersigned confirms that the representations and warranties of the undersigned set forth in Sections 4.4 and 4.5 of the Series A Preferred Share Purchase Agreement by and between the Company and the Holder are true and correct as of the date hereof.

_____

(Signature)

_____

(Date)

EXHIBIT B

CHARTER

EXHIBIT C

FORM OF ASSIGNMENT

(To be executed only upon assignment of Warrant)

To: **Entera Bio Ltd.** Warrant No. ___

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the attached Warrant, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ attorney, to transfer said Warrant on the books of the within-named Company with respect to the number of Shares set forth below, with full power of substitution in the premises:

Name(s) of Assignee(s)		

If the number of shares specified to be transferred in this Form of Assignment shall not be all of the Shares purchasable under the Warrant, please issue a new Warrant in the name of the undersigned for the balance remaining of the Shares purchasable thereunder.

CENTILLION FUND

By: _____

_____
Printed Name

_____
Title

THIS WARRANT AND THE APPLICABLE SHARES ISSUABLE UPON EXERCISE THEREOF 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.

WARRANT TO PURCHASE SHARES OF ENTERA BIO

For value received and subject to the provisions set forth in this warrant (this "**Warrant**"), Centillion Fund ("**Centillion**") and its assignees are entitled to purchase from **Entera Bio Ltd.**, an Israeli Company (the "**Company**"):

Type of Shares:	Applicable Shares.
Exercise Price:	To be calculated as set forth in Section 2 below.
Number of Shares	To be calculated as set forth in Section 2 below.
Term of Warrant:	One (1) year from the consummation of the Triggering Event (as defined below).
Warrant Amount:	$[ ]
Warrant Date:	[ ], 2015.

The number of Shares for which this Warrant is exercisable and the Exercise Price may be adjusted as specified in Section 6.

1. Definitions. As used herein, capitalized terms not otherwise defined herein shall have the meanings set forth in the introductory paragraph of this Warrant or the following meanings:

a. "**Applicable Shares**" shall have the meaning set forth in Section 2 below.

b. "**Change of Control**" shall mean any (i) acquisition of the Company by another entity 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 substantially all of the assets of the Company.

c. "**Ordinary Shares**" means the Ordinary Shares of the Company, each having a nominal value of NIS 0.01.

d. "**Exercise Price**" means the exercise price per share of Applicable Shares, as calculated pursuant to Section 2 below.

e. "**Holder**" means the initial holder of this Warrant set forth in the first paragraph of this Warrant and any other person or entity which becomes a holder of this Warrant pursuant to the terms of this Warrant.

f. "**Qualified Financing**" means a private placement of equity securities of the Company, or securities convertible into equity securities of the Company, in an aggregate amount of no less than $5.0 million, not including (i) private placements pursuant to agreements in effect on the date hereof and (ii) private placements in which Centillion (either alone or together with other purchasers) or its affiliates purchases any equity securities of the Company or securities convertible into equity securities of the Company.

g. "**QIPO**" has the meaning ascribed to such term in the Series A Preferred Share Purchase Agreement between Centillion and the Company, dated as of January 29, 2014, as amended from time to time.

h. "**Shares"** means the Applicable Shares of Company issuable upon exercise of this Warrant.

i. "**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 Warrant.

j. "**Warrant Date**" means the date of this Warrant specified in the introductory paragraph of this Warrant.

2. Applicable Shares; Number of Applicable Shares; Exercise Price. This Warrant may be exercised for up to that number of the class of shares issued or sold in the Triggering Event (the "**Applicable Shares**") equal to (i) [ ] Dollars ($[ ]) divided by (ii) the applicable price per share in the Triggering Event multiplied by 0.75, subject to adjustment as set forth below, at an exercise price equal to the applicable price per share in the Triggering Event multiplied by 0.75, subject to adjustment as set forth below (such exercise price, the "**Exercise Price**").

3. Term. The right to purchase Applicable Shares upon exercise hereof is exercisable simultaneously with, and at any time and from time to time following, the consummation of a Triggering Event, until the end of the Term of Warrant specified in the introductory paragraph of this Warrant.

4. Payment and Exercise. The purchase right represented by this Warrant may be exercised by the Holder during the term set forth in Section 3 hereof, in whole or in part and from time to time, at the election of the Holder, by the surrender of this Warrant (with the notice of exercise substantially in the form attached hereto as Exhibit A duly completed and executed) at the principal office of the Company and by the payment to the Company, by check, or by wire transfer to an account designated by the Company of an amount equal to the then applicable Exercise Price multiplied by the number of Shares then being purchased.

The person or persons in whose name(s) any certificate(s) representing Applicable Shares shall be issuable upon exercise of this Warrant 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 Shares represented thereby (and such Shares shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Warrant is exercised. In the event of any exercise of the rights represented by this Warrant, certificates for the Shares so purchased shall be delivered to the Holder as soon as possible and in any event within thirty (30) days after such exercise and, unless this Warrant has been fully exercised or expired, a new Warrant representing the portion of the Shares, if any, with respect to which this Warrant shall not then have been exercised shall also be issued to the Holder as soon as possible and in any event within such thirty-day period; provided, however, that at such time as the Company is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, if requested in writing by the Holder, the Company shall cause its transfer agent to deliver the certificate representing Shares issued upon exercise of this Warrant to a broker or other person (as directed by the Holder exercising this Warrant) within the time period required to settle any trade made by the Holder after exercise of this Warrant.

5. Shares Fully Paid; Reservation of Shares. All Shares that may be issued upon the exercise of the rights represented by this 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. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issue upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of Applicable Shares to provide for the exercise of the rights represented by this Warrant and, while the Applicable Shares is convertible preferred shares, a sufficient number of Ordinary Shares to provide for the conversion of the Applicable Shares into Ordinary Shares.

6. Adjustment of Exercise Price and Number of Shares. Following a Triggering Event, the number and kind of shares purchasable upon the exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

a. Change of Control. In case of any Change of Control, the Company, or such successor or purchasing corporation, as the case may be, shall make appropriate provision, so that the Holder shall receive upon exercise of this Warrant at a total purchase price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, and in lieu of the Applicable Shares theretofore issuable upon exercise of this Warrant, the kind and amount of shares, other securities, money and property receivable upon such Change of Control by a holder of the number of Applicable Shares then purchasable under this Warrant.

b. Reclassifications or Reorganizations. Following a Triggering Event, in case of any reclassification, capitalization reorganization or change of securities of the class issuable upon exercise of this Warrant (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), the Company shall duly execute and deliver to the Holder a new Warrant (in a form substantially similar to this Warrant), or the Company shall make appropriate provision without the issuance of a new Warrant, so that the Holder shall have the right to receive upon exercise of this Warrant, at a total purchase price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, and in lieu of the Applicable Shares theretofore issuable upon exercise of this Warrant, the kind and amount of shares, other securities, and property receivable upon such reclassification, reorganization or change by a holder of the number of Applicable Shares then purchasable under this Warrant. The provisions of this Section 6.b shall similarly apply to successive reclassifications, reorganizations and changes.

c. Subdivision, Shares Dividend or Combination of Shares. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide, distribute a dividend payable in Applicable Shares or combine its outstanding Applicable Shares, the Exercise Price shall be proportionately decreased and the number of Shares issuable hereunder shall be proportionately increased in the case of a subdivision or a share dividend and the Exercise Price shall be proportionately increased and the number of Shares issuable hereunder shall be proportionately decreased in the case of a combination.

d. Adjustment of Number of Shares. Upon each adjustment in the Exercise Price, the number of Applicable Shares purchasable hereunder shall be adjusted, to the nearest whole share, to the product obtained by multiplying the number of Shares purchasable immediately prior to such adjustment in the Exercise Price by a fraction, the numerator of which shall be the Exercise Price immediately prior to such adjustment and the denominator of which shall be the Exercise Price immediately thereafter.

e. Antidilution Rights. The other antidilution rights applicable to the Applicable Shares purchasable hereunder, if any, shall be set forth in the Company's Amended and Restated Articles of Association, as may be amended through the Term of the Warrant, a true and complete copy of which (in their form as of the Warrant Date) is attached hereto as Exhibit B (as the same may be amended from time to time, the "***Articles***"). The Company shall promptly provide the Holder with any restatement, amendment, modification or waiver of the Articles promptly after the same has been made.

7. Notice of Adjustments. Following a Triggering Event, whenever the Exercise Price or the number of Shares purchasable hereunder shall be adjusted pursuant to Section 6 hereof, the Company shall make a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the Exercise Price and the number of Shares purchasable hereunder after giving effect to such adjustment, and shall cause copies of such certificate to be delivered to the Holder. In addition, following a Triggering Event, whenever the conversion price or conversion ratio of the Applicable Shares shall be adjusted, the Company shall make a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the conversion price or ratio of the Applicable Shares after giving effect to such adjustment, and shall cause copies of such certificate to be delivered to the Holder.

8. Fractional Shares. No fractional Applicable Shares will be issued in connection with any exercise 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.

9. Rights as Shareholders; Information. Without derogating from Section 6 above, no Holder, as a holder of this Warrant, shall be entitled to vote or receive dividends or be deemed the holder of Applicable Shares or any other securities of the Company which may at any time be issuable upon the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to receive dividends or subscription rights or otherwise until this Warrant shall have been exercised and the Shares purchasable upon the exercise hereof shall have become deliverable, as provided herein. Notwithstanding the foregoing, following the Triggering Event, the Company will transmit to the Holder such information, documents and reports as are generally distributed to the holders of any class or series of the securities of the Company concurrently with the distribution thereof to the holders of the Applicable Shares except if such information, documents and reports are otherwise publicly filed or made publicly available by the Company.

10. Notice Rights.

a. Triggering Event. The Company shall provide the Holder with at least fourteen (14) days' written notice prior to the consummation of the Triggering Event.

b. Dividends and Repurchases. Following the Triggering Event, the Company shall provide the Holder with at least fourteen (14) days written notice prior to the record date of any cash dividend with respect to or offer to repurchase the Applicable Shares.

c. Liquidation. Following the Triggering Event, the Company shall provide the Holder with at least fourteen (14) days written notice prior to any voluntary or involuntary dissolutions, liquidation or winding-up of the Company.

11. **Representations, Warranties and Covenants**. The Company represents, warrants and covenants to the Holder as follows:

a. This Warrant has been duly authorized and executed by the Company and is a valid and binding obligation of the Company enforceable in accordance with its terms.

b. As of and following the Triggering Event, the Shares will be duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable and free from preemptive rights.

c. As of and following the Triggering Event, the rights, preferences, privileges and restrictions granted to or imposed upon the Applicable Shares and the holders thereof will be as set forth in the Articles.

d. As of and following the Triggering Event, the Ordinary Shares issuable upon conversion of the Shares will be duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms of the Articles will be validly issued, fully paid and nonassessable.

e. The execution and delivery of this Warrant are not, and the issuance of the Shares upon exercise of this Warrant in accordance with the terms hereof will not be, inconsistent with the Articles, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to the Company, and do not and will not conflict with or contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument of which the Company is a party or by which it is bound or require the consent or approval of, the giving of notice to, the registration or filing with or the taking of any action in respect of or by, any government authority or agency or other person, except for the filing of notices pursuant to applicable securities laws, which filings will be effected by the time required thereby.

12. Restrictions on Transfer. By acceptance of this Warrant, the Holder hereby agrees that (i) until the consummation of the Company's QIPO, the Holder will not sell, offer for sale, pledge, hypothecate or otherwise transfer ("**Transfer**") this Warrant except to a Permitted Transferee (as such term is defined in Article 19 of the Articles) and (ii) upon and following the consummation of a QIPO, absent an effective registration statement filed with the Securities and Exchange Commission under the Act covering the disposition or sale of this Warrant or the Shares issued or issuable upon exercise hereof, as the case may be, and registration or qualification under applicable state securities laws, the Holder will not Transfer any or all this Warrant or the Shares, 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 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. In the event of any Transfer in compliance with the terms and conditions of this Section 12, the Holder may Transfer this Warrant, in whole or in part, upon surrender of this Warrant properly endorsed and delivery of a Form of Assignment in substantially the form attached hereto as Exhibit C duly executed by the Holder and upon payment of any necessary transfer tax or other governmental charge imposed upon such transfer, if any.

13. Compliance with Securities Laws. By acceptance of this Warrant, the Holder hereby represents, warrants and covenants that any securities purchased upon exercise of this Warrant or acquired upon conversion thereof shall be acquired for investment only and not with a view to, or for sale in connection with, any distribution thereof; that the Holder has had such opportunity as the Holder has deemed adequate to obtain from representatives of the Company such information as is necessary to permit the Holder to evaluate the merits and risks of its investment in the Company; that the Holder is able to bear the economic risk of holding the Shares for an indefinite period; that the Holder understands that the Shares will not be registered under the Act (unless otherwise required pursuant to exercise by the Holder of the registration rights, if any, granted to the Holder) and will be "restricted securities" within the meaning of Rule 144 promulgated under the Act; and that all stock certificates representing Shares 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.

14. Modification and Waiver. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought.

15. Notices. Any notice, request, communication or other document required or permitted to be given or delivered to the Holder 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 Holder at its address as shown on the books of the Company or to the Company at the address indicated therefor on the signature page of this Warrant.

16. Binding Effect on Successors. This Warrant shall be binding upon any corporation succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets, and all of the obligations of the Company relating to the Applicable Shares issuable upon the exercise or conversion of this Warrant shall survive the exercise, conversion and termination of this Warrant and all of the covenants and agreements of the Company shall inure to the benefit of the successors and assigns of the Holder.

17. Lost Warrants or Stock Certificates. The Company covenants to the Holder that, upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant or any share certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant or share certificate, the Company will make and deliver a new Warrant or share certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or shares certificate.

18. Descriptive Headings. The descriptive headings of the various Sections of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The language in this Warrant shall be construed as to its fair meaning without regard to which party drafted this Warrant.

19. Governing Law. This Warrant shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Israel.

20. Survival of Representations, Warranties and Agreements. All representations and warranties of the Company and the Holder contained herein shall survive the Warrant Date, the exercise or conversion of this Warrant (or any part hereof) or the termination or expiration of rights hereunder. All agreements of the Company and the Holder contained herein shall survive indefinitely until, by their respective terms, they are no longer operative.

21. Remedies. In case any one or more of the covenants and agreements contained in this Warrant shall have been breached, the Holder (in the case of a breach by the Company), or the Company (in the case of a breach by the Holder), may proceed to protect and enforce their or its rights either by suit in equity and/or by action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Warrant.

22. No Impairment of Rights. The Company will not, by amendment of its Articles or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against impairment.

23. Severability. The invalidity or unenforceability of any provision of this Warrant in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction, or affect any other provision of this Warrant, which shall remain in full force and effect.

24. **Entire Agreement; Modification**. This Warrant constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and undertakings of the parties, whether oral or written, with respect to such subject matter.

[Signature Page Follows]

The Company has caused this Warrant to be duly executed and delivered as of the Warrant Date specified above.

ENTERA BIO LTD.

Name:
Title:

Address for Notices:

Entera Bio Ltd.
Jerusalem Bio Park
PO Box 12117
Jerusalem 91220
Tel: +972-54-535-2683
Attn: Dr. Phillip Schwartz

with a copy (which shall not constitute notice) to:

Adam M. Klein, Adv.
Goldfarb Seligman & Co.
Electra Tower
98 Yigal Alon Street
Tel Aviv 6789141, Israel
Fax: +972-3-608-9855

EXHIBIT A

NOTICE OF EXERCISE

To: Entera Bio Ltd. (the "**Company**")

1. The undersigned hereby elects to purchase _____ shares of [Applicable Shares] [Ordinary Shares] of the Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

2. Please issue a certificate or certificates representing _____ shares in the name of the undersigned:

_____

(Name)

_____

_____

(Address)

3. The undersigned confirms that the representations and warranties of the undersigned set forth in Sections 4.4 and 4.5 of the Series A Preferred Share Purchase Agreement by and between the Company and the Holder are true and correct as of the date hereof.

_____

(Signature)

_____

(Date)

EXHIBIT B

ARTICLES

EXHIBIT C

FORM OF ASSIGNMENT

(To be executed only upon assignment of Warrant)

To: **Entera Bio Ltd.** Warrant No. _____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the attached Warrant, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ attorney, to transfer said Warrant on the books of the within-named Company with respect to the number of Shares set forth below, with full power of substitution in the premises:

Name(s) of Assignee(s)	**Address**	**Number of Shares**

If the number of shares specified to be transferred in this Form of Assignment shall not be all of the Shares purchasable under the Warrant, please issue a new Warrant in the name of the undersigned for the balance remaining of the Shares purchasable thereunder.

CENTILLION FUND

By: _____

_____

Printed Name

_____

Title

Exhibit 4.4

THIS WARRANT AND THE APPLICABLE SHARES ISSUABLE UPON EXERCISE THEREOF 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.

WARRANT TO PURCHASE SHARES OF ENTERA BIO

For value received and subject to the provisions set forth in this warrant (this "**Warrant**"), _____ (the "**Holder**") and its assignees are entitled to purchase from **Entera Bio Ltd.**, an Israeli Company (the "**Company**"):

Type of Shares:	Applicable Securities.
Exercise Price:	To be calculated as set forth in Section 2 below.
Number of Shares	To be calculated as set forth in Section 2 below.
Term of Warrant:	Four (4) years from the warrant date.
Warrant Date:	June __, 2016.

The number of Shares for which this Warrant is exercisable and the Exercise Price may be adjusted as specified in Section 6.

1. Definitions. As used herein, capitalized terms not otherwise defined herein shall have the meanings set forth in the introductory paragraph of this Warrant or the following meanings:

a. "**Applicable Securities**" shall have the meaning set forth in Section 2 below.

b. "**Change of Control**" shall mean any (i) acquisition of the Company by another entity 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 substantially all of the assets of the Company.

c. "**Ordinary Shares**" means the Ordinary Shares of the Company, each having a nominal value of NIS 0.01.

d. "**Exercise Price**" means (x) in the event of a Triggering Event, 100% of the applicable price per share of the Applicable Securities in the Triggering Event (which shall be calculated without reference to the Discount, as such term is defined in the Note) and (y) in the event of a Voluntary Conversion, 100% of the applicable price per share of the securities acquired pursuant to such conversion.

e. "**Holder**" means the initial holder of this Warrant set forth in the first paragraph of this Warrant and any other person or entity which becomes a holder of this Warrant pursuant to the terms of this Warrant.

f. "**Note**" means the Convertible Promissory Note and Loan Agreement, dated as of the date hereof, by and among the Company, the Holders and the other lenders thereto.

g. "**Qualified Financing**" means a private placement 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 such securities, the conversion of such securities, or private placements, in any such case pursuant to agreements in effect on the date hereof.

h. "**QIPO**" has the meaning ascribed to such term in the Note.

i. "**Shares**" means the Applicable Securities of the Company issuable upon exercise of this Warrant.

j. "**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 Warrant.

k. "**Voluntary Conversion**" has the meaning ascribed to such term in the Note.

l. "**Warrant Date**" means the date of this Warrant specified in the introductory paragraph of this Warrant.

2. **Applicable Securities; Number of Applicable Securities; Exercise Price**. This Warrant may be exercised for up to that number of the equity securities (including, upon issuance of more than 25% warrant coverage upon the Triggering Event, any warrants exercisable for equity securities) issued or sold in the Triggering Event or Voluntary Conversion (the "**Applicable Securities**") equal to forty percent (40%) of the Applicable Securities issued or sold to the Holder upon conversion of the Note in such Triggering Event or Voluntary Conversion (both as set forth in Section 4 of the Note), at the Exercise Price, subject in all cases to adjustment as set forth below (such exercise price, the "**Exercise Price**"). The Holder shall be entitled to identical rights, preferences and privileges with respect to the Shares as all other holders of Applicable Securities, including without limitation, registration rights relating to the Shares.

In the event of exercise following a QIPO, in lieu of payment to the Company as set forth in the preceding paragraph, the Holder may convert this Warrant in whole or in part, into the number of Shares calculated pursuant to the following formula, by surrendering this Warrant to the Company at the principal office of the Company, accompanied by a written notice of exercise, specifying the number of Shares into which the Holder desires to convert this Warrant:

$$X = \frac{Y(A - B)}{A}$$

Where:
X = the number of Shares to be issued to the Holder;
Y = the number of Shares which would otherwise have been obtainable upon conversion of this Warrant;
A = the fair market value of the Applicable Securities; and
B = the Exercise Price.

3. **Term.** The right to purchase Applicable Securities upon exercise hereof is exercisable simultaneously with, and at any time and from time to time following, the consummation of a Triggering Event or Voluntary Conversion, until the end of the Term of Warrant specified in the introductory paragraph of this Warrant.

4. **Payment and Exercise.** The purchase right represented by this Warrant may be exercised by the Holder during the term set forth in Section 3 hereof, in whole or in part and from time to time, at the election of the Holder, by the surrender of this Warrant (with the notice of exercise substantially in the form attached hereto as Exhibit A duly completed and executed) at the principal office of the Company and by the payment to the Company, by check, or by wire transfer to an account designated by the Company of an amount equal to the then applicable Exercise Price multiplied by the number of Shares then being purchased.

The person or persons in whose name(s) any certificate(s) representing Applicable Securities shall be issuable upon exercise of this Warrant 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 Shares represented thereby (and such Shares shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Warrant is exercised. In the event of any exercise of the rights represented by this Warrant, certificates for the Shares so purchased shall be delivered to the Holder as soon as possible and in any event within thirty (30) days after such exercise and, unless this Warrant has been fully exercised or expired, a new Warrant representing the portion of the Shares, if any, with respect to which this Warrant shall not then have been exercised shall also be issued to the Holder as soon as possible and in any event within such thirty-day period; provided, however, that at such time as the Company is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, if requested in writing by the Holder, the Company shall cause its transfer agent to deliver the certificate representing Shares issued upon exercise of this Warrant to a broker or other person (as directed by the Holder exercising this Warrant) within the time period required to settle any trade made by the Holder after exercise of this Warrant.

5. **Shares Fully Paid; Reservation of Shares**. All Shares that may be issued upon the exercise of the rights represented by this 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. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issue upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of Applicable Securities or

securities acquirable upon conversion of such Applicable Securities to provide for the exercise of the rights represented by this Warrant and, in the event that the Applicable Securities are preferred shares, a sufficient number of Ordinary Shares to provide for the conversion of the Applicable Securities into Ordinary Shares.

6. **Adjustment of Exercise Price and Number of Shares**. Following a Triggering Event or Voluntary Conversion, the number and kind of shares purchasable upon the exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

a. Change of Control. In case of any Change of Control, the Company, or such successor or purchasing corporation, as the case may be, shall make appropriate provision, so that the Holder shall receive upon exercise of this Warrant at a total purchase price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, and in lieu of the Applicable Securities theretofore issuable upon exercise of this Warrant, the kind and amount of shares, other securities, money and property receivable upon such Change of Control by a holder of the number of Applicable Securities then purchasable under this Warrant.

b. Reclassifications or Reorganizations. Following a Triggering Event or Voluntary Conversion, in case of any reclassification, capitalization reorganization or change of securities of the class issuable upon exercise of this Warrant (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), the Company shall duly execute and deliver to the Holder a new Warrant (in a form substantially similar to this Warrant), or the Company shall make appropriate provision without the issuance of a new Warrant, so that the Holder shall have the right to receive upon exercise of this Warrant, at a total purchase price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, and in lieu of the Applicable Securities theretofore issuable upon exercise of this Warrant, the kind and amount of shares, other securities, and property receivable upon such reclassification, reorganization or change by a holder of the number of Applicable Securities then purchasable under this Warrant. The provisions of this Section 6.b shall similarly apply to successive reclassifications, reorganizations and changes.

c. Subdivision, Shares Dividend or Combination of Shares. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide, distribute a dividend payable in Applicable Securities or cash or combine its outstanding Applicable Securities, the Exercise Price shall be proportionately decreased and the number of Shares issuable hereunder shall be proportionately increased in the case of a subdivision, share dividend or cash dividend and the Exercise Price shall be proportionately increased and the number of Shares issuable hereunder shall be proportionately decreased in the case of a combination.

d. Adjustment of Number of Shares. Upon each adjustment in the Exercise Price, the number of Applicable Securities purchasable hereunder shall be adjusted, to the nearest whole share, to the product obtained by multiplying the number of Shares purchasable immediately prior to such adjustment in the Exercise Price by a fraction, the numerator of which shall be the Exercise Price immediately prior to such adjustment and the denominator of which shall be the Exercise Price immediately thereafter.

e. Antidilution Rights. The other antidilution rights applicable to the Applicable Securities purchasable hereunder, if any, shall be set forth in the Company's Amended and Restated Articles of Association, as may be amended through the Term of the Warrant, a true and complete copy of which (in their form as of the Warrant Date) is attached hereto as Exhibit B (as the same may be amended from time to time, the "***Articles***"). The Company shall promptly provide the Holder with any restatement,

amendment, modification or waiver of the Articles promptly after the same has been made.

7. **Notice of Adjustments**. Whenever the Exercise Price or the number of Shares purchasable hereunder shall be adjusted pursuant to Section 6 hereof, the Company shall make a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the Exercise Price and the number of Shares purchasable hereunder after giving effect to such adjustment, and shall cause copies of such certificate to be delivered to the Holder. In addition, whenever the conversion price or conversion ratio of the Applicable Securities shall be adjusted, the Company shall make a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the conversion price or ratio of the Applicable Securities after giving effect to such adjustment, and shall cause copies of such certificate to be delivered to the Holder.

8. **Fractional Shares**. No fractional Applicable Securities will be issued in connection with any exercise 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.

9. **Rights as Shareholders; Information**. Without derogating from Section 6 above, no Holder, as a holder of this Warrant, shall be entitled to vote or receive dividends or be deemed the holder of Applicable Securities or any other securities of the Company which may at any time be issuable upon the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to receive dividends or subscription rights or otherwise until this Warrant shall have been exercised and the Shares purchasable upon the exercise hereof shall have become deliverable, as provided herein. Notwithstanding the foregoing, following the Triggering Event or Voluntary Conversion, the Company will transmit to the Holder such information, documents and reports as are generally distributed to the holders of any class or series of the securities of the Company concurrently with the distribution thereof to the holders of the Applicable Securities except if such information, documents and reports are otherwise publicly filed or made publicly available by the Company.

10. **Notice Rights**.

a. Triggering Event. The Company shall provide the Holder with at least ten (10) days' written notice prior to the consummation of the Triggering Event.

b. Dividends and Repurchases. The Company shall provide the Holder with at least fourteen (14) days written notice prior to the record date of any cash dividend with respect to or offer to repurchase the Applicable Securities.

c. Liquidation. The Company shall provide the Holder with at least fourteen (14) days written notice prior to any voluntary or involuntary dissolutions, liquidation or winding-up of the Company.

11. **Representations, Warranties and Covenants**. The Company represents, warrants and covenants to the Holder as follows:

a. This Warrant has been duly authorized and executed by the Company and is a valid and binding obligation of the Company enforceable in accordance with its terms.

b. As of and following the Triggering Event or Voluntary Conversion, the Shares will be duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable and free from preemptive rights.

c. As of and following the Triggering Event or Voluntary Conversion, the rights, preferences, privileges and restrictions granted to or imposed upon the Applicable Securities and the holders thereof will be as set forth in the Articles.

d. As of and following the Triggering Event or Voluntary Conversion, the Ordinary Shares issuable upon conversion of the Shares will be duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms of the Articles will be validly issued, fully paid and nonassessable.

e. The execution and delivery of this Warrant are not, and the issuance of the Shares upon exercise of this Warrant in accordance with the terms hereof will not be, inconsistent with the Articles, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to the Company, and do not and will not conflict with or contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument of which the Company is a party or by which it is bound or require the consent or approval of, the giving of notice to, the registration or filing with or the taking of any action in respect of or by, any government authority or agency or other person, except for the filing of notices pursuant to applicable securities laws, which filings will be effected by the time required thereby.

12. **Restrictions on Transfer**. By acceptance of this Warrant, the Holder hereby agrees that (i) until the consummation of the Company's QIPO, the Holder will not sell, offer for sale, pledge, hypothecate or otherwise transfer ("**Transfer**") this Warrant except to a Permitted Transferee (as such term is defined in Article 19 of the Articles) and (ii) upon and following the consummation of a QIPO, absent an effective registration statement filed with the Securities and Exchange Commission under the Act covering the disposition or sale of this Warrant or the Shares issued or issuable upon exercise hereof, as the case may be, and registration or qualification under applicable state securities laws, the Holder will not Transfer any or all this Warrant or the Shares, 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 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. In the event of any Transfer in compliance with the terms and conditions of this Section 12, the Holder may Transfer this Warrant, in whole or in part, upon surrender of this Warrant properly endorsed and delivery of a Form of Assignment in substantially the form attached hereto as Exhibit C duly executed by the Holder and upon payment of any necessary transfer tax or other governmental charge imposed upon such transfer, if any.

13. **Compliance with Securities Laws.** By acceptance of this Warrant, the Holder hereby represents, warrants and covenants that any securities purchased upon exercise of this Warrant or acquired upon conversion thereof shall be acquired for investment only and not with a view to, or for sale in connection with, any distribution thereof; that the Holder has had such opportunity as the Holder has deemed adequate to obtain from representatives of the Company such information as is necessary to permit the Holder to evaluate the merits and risks of its investment in the Company; that the Holder is able to bear the economic risk of holding the Shares for an indefinite period; that the Holder understands that the Shares will not be registered under the Act (unless otherwise required pursuant to exercise by the Holder of the registration rights, if any, granted to the Holder) and will be “restricted securities” within the meaning of Rule 144 promulgated under the Act; and that all stock certificates representing Shares 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.

14. **Modification and Waiver**. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the Company and the holder hereof (as such term is defined in the Note).

15. **Notices**. Any notice, request, communication or other document required or permitted to be given or delivered to the Holder 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 Holder at its address as shown on the books of the Company or to the Company at the address indicated therefor on the signature page of this Warrant.

16. **Binding Effect on Successors**. This Warrant shall be binding upon any corporation succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets, and all of the obligations of the Company relating to the Applicable Securities issuable upon the exercise or conversion of this Warrant shall survive the exercise, conversion and termination of this Warrant and all of the covenants and agreements of the Company shall inure to the benefit of the successors and assigns of the Holder.

17. **Lost Warrants or Stock Certificates**. The Company covenants to the Holder that, upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant or any share certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant or share certificate, the Company will make and deliver a new Warrant or share certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or shares certificate.

18. **Descriptive Headings**. The descriptive headings of the various Sections of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The language in this Warrant shall be construed as to its fair meaning without regard to which party drafted this Warrant.

19. **Governing Law**. This Warrant shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Israel.

20. **Survival of Representations, Warranties and Agreements**. All representations and warranties of the Company and the Holder contained herein shall survive the Warrant Date, the exercise or conversion of this Warrant (or any part hereof) or the termination or expiration of rights hereunder. All agreements of the Company and the Holder contained herein shall survive indefinitely until, by their respective terms, they are no longer operative.

21. **Remedies**. In case any one or more of the covenants and agreements contained in this Warrant shall have been breached, the Holder (in the case of a breach by the Company), or the Company (in the case of a breach by the Holder), may proceed to protect and enforce their or its rights either by suit in equity and/or by action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Warrant.

22. **No Impairment of Rights**. The Company will not, by amendment of its Articles or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against impairment.

23. **Severability**. The invalidity or unenforceability of any provision of this Warrant in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction, or affect any other provision of this Warrant, which shall remain in full force and effect.

24. **Entire Agreement; Modification**. This Warrant constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and undertakings of the parties, whether oral or written, with respect to such subject matter.

[Signature Page Follows]

The Company has caused this Warrant to be duly executed and delivered as of the Warrant Date specified above.

ENTERA BIO LTD.

_____
Name:
Title:

Address for Notices:

Entera Bio Ltd.
Jerusalem Bio Park
PO Box 12117
Jerusalem 91220
Tel: +972-54-535-2683
Attn: Dr. Phillip Schwartz

with a copy (which shall not constitute notice) to:

Yair Geva, Adv.
Herzog Fox & Neeman Law Office
4 Weizmann Street
Tel Aviv 64239, Israel
Fax: +972-3-696-6464
Email: gevay@hfn.co.il

EXHIBIT A

NOTICE OF EXERCISE

To: Entera Bio Ltd. (the "**Company**")

The undersigned hereby elects to purchase_____ shares of [Applicable Securities] [Ordinary Shares] of the Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

or (in the event of a QIPO, as such term is defined in the Warrant)

The undersigned hereby elects irrevocably to convert its right to purchase ___ Shares under the Warrant for _____ Shares, as determined in accordance with the following formula:

$$X = \frac{Y(A - B)}{A}$$

where:

X = the number of Shares to be issued to the Holder;
Y = the number of Shares which would otherwise have been obtainable upon conversion of this Warrant;
A = the fair market value of the Applicable Securities; and
B = the Exercise Price.

The undersigned agrees and acknowledges that the calculation set forth above is subject to confirmation by the Company and any disagreement with respect to the calculation shall be resolved by the Company in its sole discretion.

Please issue a certificate or certificates representing _____ shares in the name of the undersigned:

_____
(Name)

_____

_____
(Address)

_____
(Signature)

_____
(Date)

EXHIBIT B

ARTICLES

EXHIBIT C

FORM OF ASSIGNMENT

(To be executed only upon assignment of Warrant)

To: **Entera Bio Ltd.** Warrant No. ___

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the attached Warrant, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ attorney, to transfer said Warrant on the books of the within-named Company with respect to the number of Shares set forth below, with full power of substitution in the premises:

Name(s) of Assignee(s)	**Address**	**Number of Shares**

If the number of shares specified to be transferred in this Form of Assignment shall not be all of the Shares purchasable under the Warrant, please issue a new Warrant in the name of the undersigned for the balance remaining of the Shares purchasable thereunder.

[Holder name]

By: _____

_____
Printed Name

_____
Title

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:

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 10.2

CONVERTIBLE FINANCING AGREEMENT

This convertible Financing Agreement (the "**Agreement**") is made and entered into as of the 8 day of November. 2012, by and among **Entera Bio Ltd.**, a company incorporated under the laws of the State of Israel having its principal offices at 3 Avishai St, Jerusalem 93149, Israel (the "**Company**"); **D.N.A. Biomedical Solutions Ltd.** ("**D.N.A.**") and the investors set out in Exhibit 1 hereto (the "**Investors**", and each individually, an "**Investor**").

WHEREAS, the Board of Directors of the Company has determined that it is in the best interests of the Company to raise additional capital;

WHEREAS, D.N.A. is a publicly traded company at the Tel Aviv Stock Exchange and the majority shareholder in the Company;

WHEREAS, the Investor desires to invest in the Company in form of a convertible debt financing pursuant to the terms and conditions more fully set forth in this Agreement; and

NOW THEREFORE, in consideration of the representations, warranties, and covenants herein contained, and intending to be legally bound hereby, the Parties agree as follows:

1. **The Financing Amount**

1.1. At and subject to the Closing (as defined below), the Investors shall provide to the Company and the Company shall receive from the Investors the aggregate financing amount of US$ [1,000,000] (One Million Dollars) (the "**Financing Amount**") in the form of convertible loans on the terms set forth herein, in accordance with the allocation set forth in Exhibit 1 attached hereto.

2. **Closing**

2.1. Closing. The closing of this Agreement and the transactions contemplated hereby (the "**Closing**") shall take place at a closing to be held at the offices of the Company on [ ], 2012 or at such other time and place as the Company and the Investors mutually agree (the date of the Closing being herein referred to as the "**Closing Date**").

2.2. Transactions at the Closing. At the Closing, the following transactions shall occur simultaneously (no transaction shall be deemed to have been completed or any document delivered until all such transactions have been completed and all required documents delivered):

2.2.1. Board Resolutions. Copies of duly executed resolutions of the Board of Directors of the Company, substantially in the form attached hereto as Exhibit 2.2.1, shall be delivered to the Investors

by which the execution, delivery and performance by the Company of this Agreement shall have been approved.

2.2.2. Shareholders' Resolutions. Copies of duly executed resolutions of the shareholders of the Company, substantially in the form attached hereto as Exhibit 2.2.2, shall be delivered to the Investor by which the execution, delivery and performance by the Company of this Agreement and the amendment of the Company's Articles of Association shall have been approved.

2.2.3. Resolutions of D.N.A. Copies of duly executed resolutions of the Board of Directors of D.N.A., substantially in the form attached hereto as Exhibit 2.2.3, shall be delivered to the Investors.

2.2.4. Waiver. A waiver of D.N.A. waiving its pre-emptive rights in connection with the issuance of the Company Shares hereunder in the form attached hereto as Exhibit 2.2.4.

2.2.5. Payment. Each Investor shall pay to the Company the total amount set forth in Exhibit 1 opposite its name for investment at Closing, by wire transfer of immediately available funds, to a bank account to be designated by the Company.

2.3. Conditions to Closing by the Investors. The Investors obligations at the Closing to consummate the transactions contemplated hereunder are subject to the satisfaction and fulfillment, prior to or at the Closing, of each of the following conditions precedent (any or all of which may be waived, in whole or in part, by the Investor, which waiver shall be at the sole discretion of Investor):

2.3.1. Accurate Representations and Warranties. The representations and warranties of the Company in this Agreement shall be true and correct in all material respects when made and as of the Closing Date, as though the Closing Date was substituted for the date set forth in such representations and warranties.

2.3.2. Compliance with Covenants. The Company shall have performed and complied with all of its covenants, agreements and undertakings set forth herein.

2.3.3. Actions Taken; Delivery of Documents. All the actions to be taken by the Company as set forth in Section 2.2 above shall have been completed. Documents to be delivered by the Company and D.N.A., as set forth in Section 2.2 above, shall have been delivered.

2.4. Conditions to Closing by the Company. The Company's and D.N.A.'s obligations at the Closing to consummate the transactions

contemplated hereunder with the Investors are subject to the satisfaction and fulfillment, prior to or at the Closing, of each of the following conditions precedent (any or all of which may be waived, in whole or in part, by the Company or D.N.A., as applicable, which waiver shall be at the sole discretion of the Company or D.N.A., as applicable):

2.4.1. Accurate Representations and Warranties. The representations and warranties of the Investor in this Agreement shall be true and correct in all material respects when made and as of the Closing Date, as though the Closing Date was substituted for the date set forth in such representations and warranties.

2.4.2. Compliance with Covenants. Investor shall have performed and complied with all of its covenants, agreements, and undertakings as set forth in this Agreement

3. **Interest and Subordination**

3.1. Interest. The loans under this Agreement shall bear annual interest of 0.6%. The interest shall accrue, but not compound, annually and be repaid in cash in five year intervals, commencing on the fifth anniversary of the Closing Date until the earlier of (i) the exercise of the Company Conversion Right (as defined in Section 5.1 hereafter) or (ii) the end of the Term (as defined in Section 4 hereafter).

3.2. Subordination. The loans under this Agreement shall be unsecured and subordinate in right of payment to all third party indebtedness of the Company.

4. **Term and Repayment**

The loans under this Agreement shall have a twenty (20) years' term, commencing on the Closing Date (the "**Term**"). Under no circumstances shall the Company be obligated to repay the Financing Amount (or part thereof) prior to the lapse of the Term.

5. **Conversion**

5.1. Optional Conversion into Ordinary Shares of the Company.

Subject to the occurrence of the Closing, during the Term each Investor shall have the right ("**Company Conversion Right**"), but not the obligation, to convert all, but not less than all, of its respective outstanding Financing Amount, at the election of such Investor, at any time, by sending a written notice to the Company executed by such Investor, to such effect, into ordinary shares of the Company, par value of NIS 0.01, (the "**Company Shares**"), at a conversion price of US$

240.26 (rounded) per Company Share (the "**Company Conversion Price**"). The Company Conversion Price has been based on a pre-money valuation of the Company of US$ 8,000,000.

5.2. Automatic Conversion into Ordinary Shares of the Company.

Irrespective or anything constituted in this Agreement, any outstanding Financing Amount shall automatically convert into Company Shares at the Company Conversion Price, without that any further action is needed, immediately prior to the occurrence of the following:

5.2.1. The consummation of an IPO (as such term is defined in the Articles of Association of the Company);

5.2.2. The consummation of an M&A Transaction. For the purposes of this Section, "**M&A Transaction**" shall mean any of the following transactions: (i) the sale, lease or other disposal of all or substantially all of the assets of the Company in a single transaction or a series of related transactions; (ii) the sale, exclusive and irrevocable license or other similar disposal of all or substantially all the intellectual property rights of the Company in a single transaction or a series of related transactions; (iii) the sale, exclusive and irrevocable license or other similar disposal of any of the substantial assets or intellectual property rights of the Company in a single transaction or a series of related transactions; (iv) the consolidation, merger or reorganization of the Company with or into any other entity, except for the sole purpose of changing the Company's domicile, following which the shareholders of the Company as of immediately prior to such transaction or series of related transactions hold, by virtue of securities issued as consideration for the Company's acquisition or merger, less than 50% of the voting power of the surviving or acquiring entity or less than 50% of the issued and outstanding share capital of the surviving or acquiring entity or (v) any transaction or a series of related transactions in which the shareholders of the Company prior to the transaction or series of related transactions hold less than fifty percent (50%) of the outstanding share capital of the Company or the surviving company, as applicable, following such transaction or series of related transactions (other than pursuant to a round of equity financing).

5.3. Optional Conversion into Ordinary Shares of D.N.A.

Subject to the occurrence of the Closing, during five (5) years commencing as of the date of this Agreement, each Investor shall have the right, but not the obligation, to exchange all, but not less than all,

Company Shares issued upon exercise of its Company Conversion Right into ordinary shares of D.N.A. ("**D.N.A. Shares**"), whereas each Company Share shall be exchanged for 5,590 (Five Thousand Five Hundred Ninety) D.N.A. Shares ("**D.N.A. Conversion Right**").

The shares issued under the Company Conversion Right and/or the D.N.A. Conversion Right shall be hereinafter be referred to as "**Conversion Shares**". The term "**Conversion Right**" shall refer tithe Company Conversion Right and D.N.A. Conversion Right, collectively.

6. **Mechanics of Conversion**

6.1. Notice. If an Investor elects to exercise its Conversion Right, it shall notify the Company or D.N.A., as the case may be, thereof in writing.

6.2. No Fractional Shares. Conversion into shares shall be calculated based on the aggregate amount to be converted and upon conversion, no fractional shares shall be issued to the Investors, and the number of Conversion Shares to be issued shall be rounded to the nearest whole number.

6.3. Issuance. The Company or D.N.A., respectively, shall, immediately upon any conversion of the Financing Amount (or such portion thereof attributed to an Investor) issue and deliver to the converting Investor a certificate representing the number of the Conversion Shares to which such Investor shall be entitled upon conversion of its portion of the Financing Amount, grant to such Investor the rights and powers required to be granted in connection with such Conversion Shares, and register the issuance of such the Conversion Shares in such Investor's name in the register of shareholders of the Company or D.N.A. respectively; provided that the Investor shall transfer all Company Shares to D.N.A., deliver all share certificates evidencing the Company Shares, if any, to D.N.A. and execute and sign all documents necessary to effect such transfer in exchange for the issuance of D.N.A Shares.

6.4. Rights as Shareholder. From the date of occurrence of a conversion as provided for in this Agreement and thereafter, whether or not the Conversion Shares required to be issued to such Investor have actually been issued, such Investor shall be deemed to be the holder of such Conversion Shares, and shall be deemed to have all rights, powers, restrictions, qualifications and limitations required to be granted in connection with such Conversion Shares.

6.5. Due Issuance. Upon any conversion of the Financing Amount, as set out above, the Conversion Shares shall be duly authorized, validly

issued, fully-paid, non-assessable and free and clear of any pre-emptive rights, pledges, liens, claims, encumbrances or third party rights of any kind.

6.6. Further Assurance. Each of the Company and D.N.A. hereby undertakes to adopt prior to the consummation of the conversion an amendment to its organizational documents as then in effect in order to provide, and take all other actions required for the authorization and issuance of, the Conversion Shares.

6.7. Effect of Conversion. Upon conversion of the Financing Amount pursuant to this Agreement and the grant to the Investors of the rights and powers required to be granted in connection with the Conversion Shares, the Company shall be deemed to have repaid to the Investors the loans under this Agreement and the full Financing Amount (including any interest, linkage or other amounts to the extent applicable).

7. **Representations and Warranties of the Company**

The Company represents and warrants to the Investors that the statements contained in this Section 7 are true and correct as of the date of this Agreement and will be true and correct as of the Closing Date in all material respects, as though the Closing Date was substituted for the date set forth in the representations and warranties set forth in this Section 7.

7.1. Incorporation. The Company is a private company duly incorporated and validly existing under the laws of the State of Israel and has all requisite corporate power and authority to carry on its business as now conducted. The Incorporation Certificate and the Articles of Association of the Company, all as currently in effect, are attached hereto as Exhibit 7.1 (the "**Corporate Documents**").

7.2 Subsidiaries. The Company has no subsidiaries and does not, directly or indirectly, own, and has not been since its incorporation, directly or indirectly, the owner of, any interest in any corporation, partnership, joint venture or other business association.

7.3. Authorization. All corporate action on the part of the Company and its directors necessary for the authorization, execution and delivery of this Agreement the performance of all obligations of the Company hereunder has been taken or will be taken prior to the Closing.

7.4. Validity. This Agreement was duly executed and at the Closing shall constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors'

rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

7.5. Capitalization.

7.6. Attached hereto as Exhibit 7.5 ("**Capitalization Table**") is a true and correct capitalization table of the Company as of the date hereof. Except as set forth in the Capitalization Table, there are no options, warrants or other securities, conversion privileges or other rights presently outstanding or reserved to purchase or otherwise acquire any authorized but unissued shares of capital stock or other securities of the Company.

7.7. Litigation. The Company is not: (i) subject to any outstanding injunction, judgment, order, decree, writ, stipulation, ruling, governmental inquiry or investigation or charge of any court or any governmental agency or any arbitrator; or (ii) a party or is threatened to be made a party to any action, suit, proceeding, hearing, complaint, charge or investigation of, in, or before any court or administrative agency of any state, municipal, or foreign jurisdiction or before any arbitrator or other method of settling disputes or disagreements.

7.8. Brokers. No agent, broker, investment banker, person or firm acting in a similar capacity on behalf of or under the authority of the Company is or will be entitled to any brokerage or finders' fees or agents' commissions or any similar fee in connection with this Agreement.

8. **Representations and Warranties of D.N.A.**

D.N.A. represents and warrants to the Investors that the statements contained in this Section 8 are true and correct as of the date of this Agreement and will be true and correct as of the Closing Date in all material respects, as though the Closing Date was substituted for the date set forth in the representations and warranties set forth in this Section 8.

8.1. Incorporation. The Company is a company duly incorporated and validly existing under the laws of the State of Israel and has all requisite corporate power and authority to carry on its business as now conducted.

8.2. Authorization. All corporate action on the part of D.N.A. and its directors necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of D.N.A. hereunder has been taken or will be taken prior to the Closing.

8.3. Validity. This Agreement was duly executed and, to the extent pertaining to it, at the Closing shall constitute valid and legally binding obligations of D.N.A., enforceable in accordance with their terms,

except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

9. **Representations and Warranties of the Investors**

Each Investor hereby represents and warrants to the Company that the statements contained in this Section 9 are true and correct as of the date of this Agreement and will be true and correct as of the Closing Date, as though the Closing Date was substituted for the date set forth in the representations and warranties set forth in this Section 9.

9.1. Authorization. Each Investor has full power and authority to enter into this Agreement and the Agreement constitutes a valid and legally binding obligation of the Investor, enforceable in accordance with its terms.

9.2. Purchase Entirely for Own Account. Each Investor recognizes that this Agreement is made in reliance upon Investor's representation to the Company that the Conversion Shares that may be issued to it pursuant to this Agreement arc being acquired for investment for Investor's own account, and not with an immediate view to the resale or distribution of any part thereof, and that Investor has no present intention of selling, granting any participation in, or otherwise distributing the same.

9.3. Investment Experience. Without derogating from the representations and warranties set forth in Section 8 above, Investor has experience in investing in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Conversion Shares that may be issued to it pursuant to this Agreement.

10. **Covenants**

10.1. Board of Directors. Subject to the Closing, the Investors shall, as of the Closing Date and as long as the Investors collectively hold 3% or more, or as long as the Company Conversion Rights of the Investors pertain to 3% or more of the Company's issued and outstanding share capital, have the right to collectively elect one member of the Company's Board of Directors (the "**Investors' Director**"). In the event the Investors' Director and Mr. Phillip Schwartz (as long as he serves as member of the Company's Board of Directors), collectively,

wish to consummate an IPO or to register the Company's shares with the US Securities and Exchange Commission ("**SEC**"), D.N.A. hereby undertakes to instruct the directors elected by D.N.A. to vote together with the Investors' Director and Mr. Schwartz. If, at the time of the vote, Mr. Schwartz should have ceased to serve as member of the Company's Board of Directors, D.N.A. undertakes to instruct the directors elected by D.N.A. to vote together with the Investors' Director.

10.2. Co-Sale Right. Until an IPO and except for a transfer to a Permitted Transferee (as such term is defined in the Articles of Association of the Company), any transfer of Company Shares by the shareholders of the Company shall be subject to customary co-sale rights in favor of such Investors who have exercised their Company Conversion Rights, as long as the aggregate shareholdings of the Investors do not fall below 3% of the issued share capital of the Company. D.NA. and the Company hereby undertake to cause the amendment of the Company's Articles of Association to that effect upon the exercise of the Company Conversion Right by the Investors.

10.3. Piggyback Registration Rights. In the event of an IPO in the United States of America, the Company will grant piggyback registration rights to the Investors on customary terms and conditions.

10.4. Adjustments

The number of Conversion Shares shall be subject to adjustment from time to time or upon exercise as provided herein:

10.4.1. Consolidation and Division. If the Company or D.N.A. consolidates its ordinary shares into shares of greater nominal value, or subdivides them into shares of lesser nominal value, the number of shares to be allotted upon exercise of the Conversion Right after such consolidation or subdivision will be reduced or increased, as the case may be, such increase or decrease, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

10.4.2. Full Ratchet. Until the consummation of an IPO, in the event the Company shall at any time after the Closing Date and prior to the second anniversary of the Closing Date issue any New Securities (as such term is defined in Section 10(e) of the Company's Articles, without consideration or for a consideration per share less than the Company Conversion Price, then the Company Conversion Price shall be reduced, concurrently with such issue, to the consideration per share received by the Company

for such issue or deemed issue of the additional Company Shares; provided that if such issuance or deemed issuance was without consideration, then the Company shall be deemed to have received an amount equal to the par value of the Company Shares.

10.4.3. Weighted Average. Until the consummation of an IPO, in the event the Company shall at any time after the second anniversary of the Closing Date and prior to the third anniversary of the Closing Date issue any New Securities, without consideration or for a consideration per share less than the Company Conversion Price. then the Company Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP = \frac{(A \times P') + (C \times P'')}{A + C}$$

where CP is the adjusted Company Conversion Price; A is the number of Company Shares, on a fully diluted, as-converted basis (as if all Options (as defined below) had been fully exercised and the resulting securities fully converted into Company Shares, as of such date), outstanding immediately prior to the relevant issuance of the additional securities; P' is the Company Conversion Price; C is the number of additional securities; and P" is the reduced price per share.

10.4.4. Adjustment after the Exercise of the Company Conversion Right. In the event the Investors have exercised their Company Conversion Right, D.N.A. and the Company hereby undertake to cause the amendment of the Articles of Association of the Company to include an anti-dilution provision with the same economic effect as provided for in Sections 10.4.2 and 10.4.3.

10.4.5. For the purpose of this Section, "**Options**" shall mean any securities convertible into Company Shares.

11. **General**

11.1. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal substantive laws of the State of Israel, and the parties hereby consent and submit to the exclusive jurisdiction of the competent courts of Tel Aviv, Israel regarding all matters relating to this Agreement.

11.2. Counterpart Signatures. This Agreement may be executed in two or more counterparts. all of which when taken together shall be

considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that all parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature page were an original thereof.

11.3. Transfer; Successors and Assigns. This Agreement and any rights and obligations of hereunder may not be assigned or transferred by any Investor without the prior written consent of the Company. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

11.4. Entire Agreement. This Agreement constitutes the full and entire agreement, covenant, promise and understanding between the Parties hereto with respect to the subject matter hereof and thereof, and supersede any and all prior agreements, understandings, promises and representations made by all or some of the parties (or by any party to another), written or oral, concerning the subject matter hereof.

11.5. Amendment and Waivers. Any term of this Agreement may be amended and the severance 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 each party hereto.

11.6 Notice. All notices or other communications provided for in this Agreement shall be in writing and shall be given in person, by registered mail (registered air mail if mailed internationally), by an overnight courier service which obtains a receipt to evidence delivery, by facsimile transmission (evidenced by written confirmation of transmission), or electronic mail, addressed as set forth below:

Company Entera Bio Ltd.
3 Avishai St.
Jerusalem 93149
Tel: (972) (0)
Fax: (972) (0)
Attn: Mr. Phillip Schwartz
E-mail:phillip@enterabio.com

With copy to	Gellis Obrasky Jabotinsky House 38 King George St. Tel Aviv 63298 Israel Attn: Adv. Jossy Gellis Investor

or such other address as any party may designate to the others in accordance with the aforesaid procedure. All notices and other communications delivered in person, by facsimile transmission or by electronic mail shall be deemed to have been given as of one business day after sending thereof, all notices and other communications delivered by overnight air courier shall be deemed to have been given as of the third business day after posting; and all notices and other communications sent by registered mail shall be deemed given ten (10) days after posting.

11.7. Expenses. Each party shall pay its own expenses, including without limitation legal and other professional fees and expenses, incurred in connection with this Agreement. The Company shall pay the stamp taxes and any other tax applicable to the execution, delivery and performance of this Agreement. Irrespective of the foregoing, if Investor exercises the Exchange Option, Investor shall bear all tax related thereto.

11.8. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this 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.

11.9. Public Statements. The parties shall agree upon a statement or communication to the public or press concerning this Agreement to be released upon the Closing. All other statements or communications to the public or press concerning the transactions contemplated hereunder shall be mutually agreed upon. Nothing herein shall prevent a party hereto from releasing any information if required to do so by applicable law, stock exchange, governmental regulatory authority, rule or regulation, in which case best efforts to consult with the other Parties will be made prior to any such release so that they may seek a

protective order or other appropriate remedy, and further provided that in the event that such protective order or other remedy is not obtained, the disclosing party shall furnish only that portion of the information which in the reasonable opinion of its counsel is legally required.

[Signature Page to Follow]

IN WITNESS WHEREOF, each of the parties have caused this CONVERTIBLE FINANCING AGREEMENT to be executed as of the day and year first written above.

Entera Bio Ltd.

/s/ Phillip Schwartz

By: Phillip Schwartz
Its: CEO

D.N.A. Biomedical Solutions Ltd.

/s/ Yonatam Malea

By: Yonatam Malea
Its: CEO

Investor 1
Mr. Fred Knoll

/s/ Fred Knowll

Investor 2
Mr. Aryeh Rubin

Investor 3
Mr. Chaim Davis

Investor 4
Mr. Jack Eizkovitz

IN WITNESS WHEREOF, each of the parties have caused this CONVERTIBLE FINANCING AGREEMENT to be executed as of the day and year first written above.

Entera Bio Ltd.

By: Phillip Schwartz
Its: CEO

D.N.A. Biomedical Solutions Ltd.

By:
Its:

Investor 1

Investor 2
Mr. Aryeh Rubin

/s/ Aryeh Rubin

Investor 3

Investor 4

IN WITNESS WHEREOF, each of the parties have caused this CONVERTIBLE FINANCING AGREEMENT to be executed as of the day and year first written above.

Entera Bio Ltd.

/s/ Phillip Schwartz

By: Phillip Schwartz
Its: CEO

D.N.A. Biomedical Solutions Ltd.

By: Yonatam Malea
Its: CEO

Investor 1
Mr. Fred Knoll

By: Phillip Schwartz
Its: CEO

Investor 2
Mr. Aryeh Rubin

Investor 3
Mr. Chaim Davis

/s/ Chaim Davis

Investor 4
Mr. Jack Eizkovitz

Exhibit

List of Investors

Name of Investor	Financing Amount Per Investor	Company Conversion of shares	D.N.A. Conversion Shares
Mr. Jack Eizikovitz	$100,000.-	416	2,325,440
Mr. Fred Knoll	$550,000.-	2289	12,795,510
Mr. Chaim Davis	$100,000.-	416	2,325,440
Mr. Aryeh Rubin	$250,000.-	1,041	5,819,190
Total	$1,000,000.- USA	4,162	23,265,580

Exhibit 2.1.1

Board Resolution of the Company

Exhibit 2.21

Shareholders' Resolutions of the Company

Exhibit 2.2.3

Board Resolutions of D.N.A.

Exhibit 2.4

Waiver

Exhibit 7.1

Corporate Documents of Company

Exhibit 7.5

Capitalization Table

Exhibit 10.3

CONVERTIBLE FINANCING AGREEMENT

This Convertible Financing Agreement (the "**Agreement**") is made and entered into as of the 31 day of December, 2012, by and among **Entera Bio Ltd.**, a company incorporated under the laws of the State of Israel having its principal offices at 3 Avishai St, Jerusalem 93149, Israel (the "**Company**"); **D.N.A. Biomedical Solutions Ltd.** ("**D.N.A.**") and the investors set out in Exhibit l hereto (the "**Investors**", and each individually, an "**Investor**").

WHEREAS, the Board of Directors of the Company has determined that it is in the best interests of the Company to raise additional capital;

WHEREAS, D.N.A. is a publicly traded company at the Tel Aviv Stock Exchange and the majority shareholder in the Company;

WHEREAS, the Investor desires to invest in the Company in form of a convertible debt financing pursuant to the terms and conditions more fully set forth in this Agreement; and

NOW THEREFORE, in consideration of the representations, warranties, and covenants herein contained, and intending to be legally bound hereby, the Parties agree as follows;

1. **The Financing Amount**

1.1. At and subject to the Closing (as defined below), the Investors shall provide to the Company and the Company shall receive from the investors the aggregate financing amount of US$ [One hundred and fifty thousand dollars] ($150,000) (the "**Financing Amount**") in the form of convertible loans on the terms set forth herein. in accordance with the allocation set forth in Exhibit l attached hereto.

2. **Closing**

2.1. Closing. The closing of this Agreement and the transactions contemplated hereby (the "**Closing**") shall take place at a closing to be held at the offices of the Company on January 1, 2013 or at such other time and place as the Company and the Investors mutually agree (the date of the Closing being herein referred to as the "**Closing Date**").

2.2. Transactions at the Closing. At the Closing the following transactions shall occur simultaneously (no transaction shall be deemed to have been completed or any document delivered until all such transactions have been completed and all required documents delivered):

2.2.1. Board Resolutions. Copies of duly executed resolutions of the Board of Directors of the Company, substantially in the form attached hereto as Exhibit 2.2.1, shall be delivered to the Investors by which the execution, delivery and performance by the Company of this Agreement shall have been approved.

2.2.2. Shareholders' Resolutions. Copies of duly executed resolutions of the shareholders of the Company, substantially in the

form attached hereto as Exhibit 2.2.2, shall be delivered to the Investor by which the execution, delivery and performance by the Company of this Agreement and the amendment of the Company's Articles of Association shall have been approved.

2.2.3. Resolutions of D.N.A. Copies of duly executed resolutions of the Board of Directors of D.N.A., substantially in the form attached hereto as Exhibit 2.2.3, shall be delivered to the Investors.

2.2.4. Waiver. A waiver of D.N.A. waiving its pre-emptive rights in connection with the issuance of the Company Shares hereunder in the form attached hereto as Exhibit 2.2.4.

2.2.5. Payment. Each Investor shall pay to the Company the total amount set forth in Exhibit 1 opposite its name for investment at Closing, by wire transfer of immediately available funds, to a bank account to be designated by the Company.

2.3. Conditions to Closing by the Investors. The Investors obligations at the Closing to consummate the transactions contemplated hereunder are subject to the satisfaction and fulfillment, prior to or at the Closing, of each of the following conditions precedent (any or all of which may be waived, in whole or in part, by the Investor, which waiver shall be at the sole discretion of Investor);

2.3.1. Accurate Representations and Warranties. The representations and warranties of the Company in this Agreement shall be true and correct in all material respects when made and as of the Closing Date, as though the Closing Date was substituted for the date set forth in such representations and warranties.

2.3.2. Compliance with Covenants. The Company shall have performed and complied with all of its covenants, agreements and undertakings set forth herein.

2.3.3. Actions Taken; Delivery of Documents. All the actions to be taken by the Company as set forth in Section 2.2 above shall have been completed. Documents to be delivered by the Company and D.N.A., as set forth in Section 2.2 above, shall have been delivered.

2.4. Conditions to Closing by the Company. The Company's and D.N.A.'s obligations at the Closing to consummate the transactions contemplated hereunder with the Investors are subject to the satisfaction and fulfillment, prior to or at the Closing, of each of the following conditions precedent (any or all of which may be waived, in whole or in part. by the Company or D.N.A., as applicable. which waiver shall be at the sole discretion of the Company or D.N.A., as applicable):

2.4.1. Accurate Representations and Warranties. The representations and warranties of the Investor in this Agreement shall be true and correct in all material respects when made and as of the

Closing Date, as though the Closing Date was substituted for the date set forth in such representations and warranties.

2.4.2. Compliance with Covenants. Investor shall have performed and complied with all of its covenants, agreements, and undertakings as set forth in this Agreement.

3. **Interest and Subordination**

3.1. Interest. The loans under this Agreement shall bear annual interest of 0.6%. The interest shall accrue, but not compound, annually and be repaid in cash in five year intervals, commencing on the fifth anniversary of the Closing Date until the earlier of (i) the exercise of the Company Conversion Right (as defined in Section 5.1 hereafter) or (ii) the end of the Term (as defined in Section 4 hereafter).

3.2. Subordination. The loans under this Agreement shall be unsecured and subordinate in right of payment to all third party indebtedness of the Company.

4. **Term and Repayment**

The loans under this Agreement shall have a twenty (20) years' term, commencing on the Closing Date (the "**Term**"). Under no circumstances shall the Company be obligated to repay the Financing Amount (or part thereof) prior to the lapse of the Term.

5. **Conversion**

5.1. Optional Conversion into Ordinary Shares of the Company.

Subject to the occurrence of the Closing, during the Term each Investor shall have the right ("**Company Conversion Right**"), but not the obligation, to convert all, but not less than all, of its respective outstanding Financing Amount, at the election of such Investor, at any time, by sending a written notice to the Company executed by such Investor, to such effect, into ordinary shares of the Company, par value of NIS 0.01, (the "**Company Shares**"), at a conversion price of US$ 240.26 (rounded) per Company Share (the "**Company Conversion Price**"). The Company Conversion Price has been based on a pre-money valuation of the Company of US$ 8 million USD.

5.2. Automatic Conversion into Ordinary Shares of the Company.

Irrespective of anything constituted in this Agreement, any outstanding Financing Amount shall automatically convert into Company Shares at the Company Conversion Price, without that any further action is needed, immediately prior to the occurrence of the following:

5.2.1. The consummation of an IPO (as such term is defined in the Articles of Association of the Company);

5.2.2. The consummation of an M&A Transaction. For the purposes of this Section, "**M&A Transaction**" shall mean any of the following transactions: (i) the sale, lease or other disposal of all or substantially all of the assets of the Company in a single transaction or a series of related transactions; (ii) the sale, exclusive and irrevocable license or other similar disposal of all or substantially all the intellectual property rights of the Company in a single transaction or a series of related transactions; (iii) the sale, exclusive and irrevocable license or other similar disposal of any of the substantial assets or intellectual property rights of the Company in a single transaction or a series of related transactions; (iv) the consolidation, merger or reorganization of the Company with or into any other entity, except for the sole purpose of changing the Company's domicile, following which the shareholders of the Company as of immediately prior to such transaction or series of related transactions hold, by virtue of securities issued as consideration for the Company's acquisition or merger, less than 50% of the voting power of the surviving or acquiring entity or less than 50% of the issued and outstanding share capital of the surviving or acquiring entity or (v) any transaction or a series of related transactions in which the shareholders of the Company prior to the transaction or series of related transactions hold less than fifty percent (50%) of the outstanding share capital of the Company or the surviving company, as applicable, following such transaction or series of related transactions (other than pursuant to a round of equity financing).

5.3. Optional Conversion into Ordinary Shares of D.N.A.

Subject to the occurrence of the Closing, during five (5) years commencing as of the date of this Agreement, each Investor shall have the right. but not the obligation, to exchange all, but not less than all, Company Shares issued upon exercise of its Company Conversion Right into ordinary shares of D.N.A. ("**D.N.A. Shares**'"), whereas each Company Share shall be exchanged for [ ] ( ) D.N.A. Shares ("**D.N.A. Conversion Right**").

The shares issued under the Company Conversion Right and/or the D.N.A. Conversion Right shall be hereinafter be referred to as "**Conversion Shares**". The term "**Conversion Right**" shall refer tithe Company Conversion Right and D.N.A. Conversion Right, collectively.

6. **Mechanics of Conversion**

6.1. Notice. If an Investor elects to exercise its Conversion Right. it shall notify the Company or D.N.A., as the case may be, thereof in writing.

6.2. No Fractional Shares. Conversion into shares shall be calculated based on the aggregate amount to be converted and upon conversion, no fractional shares shall be issued to the Investors, and the number of Conversion Shares to be issued shall be rounded to the nearest whole number.

6.3. Issuance. The Company or D.N.A., respectively, shall, immediately upon any conversion of the Financing Amount (or such portion thereof attributed to an Investor) issue and deliver to the converting Investor a certificate representing the number of the Conversion Shares to which such Investor shall be entitled upon conversion of its portion of the Financing Amount, grant to such Investor the rights and powers required to be granted in connection with such Conversion Shares, and register the issuance of such the Conversion Shares in such Investor's name in the register of shareholders of the Company or D.N.A. respectively: provided that the Investor shall transfer all Company Shares to D.N.A., deliver all share certificates evidencing the Company Shares, if any, to D.N.A. and execute and sign all documents necessary to effect such transfer in exchange for the issuance of D.N.A Shares.

6.4. Rights as Shareholder. From the date of occurrence of a conversion as provide for in this Agreement and thereafter, whether or not the Conversion Shares required to be issued to such Investor have actually been issued, such Investor shall be deemed to be the holder of such Conversion Shares, and shall be deemed to have all rights, powers, restrictions, qualifications and limitations required to be granted in connection with such Conversion Shares.

6.5. Due Issuance. Upon any conversion of the Financing Amount. as set out above, the Conversion Shares shall be duly authorized. validly issued, fully-paid, nonassessable and free and clear of any pre-emptive rights, pledges, liens, claims, encumbrances or third party rights of any kind.

6.6. Further Assurance. Each of the Company and D.N.A. hereby undertakes to adopt prior to the consummation of the conversion an amendment to its organizational documents as then in effect in order to provide, and take all other actions required for the authorization and issuance of, the Conversion Shares.

6.7. Effect of Conversion. Upon conversion of the Financing Amount pursuant to this Agreement and the grant to the Investors of the rights and powers required to be granted in connection with the Conversion Shares, the Company shall be deemed to have repaid to the Investors the loans under this Agreement and the full Financing Amount (including any interest, linkage or other amounts to the extent applicable).

7. Representations and Warranties of the Company

The Company represents and warrants to the Investors that the statements contained in this Section 7 are true and correct as of the date of this Agreement and will be true and correct as of the Closing Date in all material respects, as though the Closing Date was substituted for the date set forth in the representations and warranties set forth in this Section 7.

7.1. Incorporation. The Company is a private company duly incorporated and validly existing under the laws of the State of Israel and has all requisite corporate power and authority to carry on its business as now

conducted. The Incorporation Certificate and the Articles of Association of the Company, all as currently in effect, are attached hereto as Exhibit 7.1 (the "**Corporate Documents**").

7.2. Subsidiaries. The Company has no subsidiaries and does not, directly or indirectly, own, and has not been since its incorporation, directly or indirectly, the owner of, any interest in any corporation, partnership, joint venture or other business association.

7.3. Authorization. All corporate action on the part of the Company and its directors necessary for the authorization, execution and delivery of this Agreement the performance of all obligations of the Company hereunder has been taken or will be taken prior to the Closing.

7.4. Validity. This Agreement was duly executed and at the Closing shall constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium. and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

7.5. Capitalization.

7.6. Attached hereto as Exhibit 7.5 ("**Capitalization Table**") is a true and correct capitalization table of the Company as of the date hereof. Except as set forth in the Capitalization Table, there are no options, warrants or other securities, conversion privileges or other rights presently outstanding or reserved to purchase or otherwise acquire any authorized but unissued shares of capital stock or other securities of the Company.

7.7. Litigation. The Company is not: (i) subject to any outstanding injunction, judgment, order, decree, writ, stipulation, ruling, governmental inquiry or investigation or charge of any court or any governmental agency or any arbitrator; or (ii) a party or is threatened to be made a party to any action, suit, proceeding, hearing, complaint, charge or investigation of, in, or before any court or administrative agency of any state, municipal, or foreign jurisdiction or before any arbitrator or other method of settling disputes or disagreements.

7.8. Brokers. No agent, broker, investment banker, person or firm acting in a similar capacity on behalf of or under the authority of the Company is or will be entitled to any brokerage or finders' fees or agents' commissions or any similar fee in connection with this Agreement.

8. **Representations and Warranties of D.N.A.**

D.N.A. represents and warrants to the Investors that the statements contained in this Section 8 are true and correct as of the date of this Agreement and will be true and correct as of the Closing Date in all material respects, as though the

Closing Date was substituted for the date set forth in the representations and warranties set forth in this Section 8.

8.1. Incorporation. The Company is a company duly incorporated and validly existing under the laws of the State of Israel and has all requisite corporate power and authority to carry on its business as now conducted.

8.2. Authorization. All corporation action on the part of D.N.A. and its directors necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of D.N.A. hereunder has been taken or will be taken prior to the Closing.

8.3. Validity. This Agreement was duly executed and, to the extent pertaining to it, at the Closing shall constitute valid and legally binding obligations of D.N.A., enforceable in accordance with their terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors· rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

9. **Representations and Warranties of the Investors**

Each Investor hereby represents and warrants to the Company that the statements contained in this Section 9 are true and correct as of the date of this Agreement and will be true and correct as of the Closing Date. as though the Closing Date was substituted for the date set forth in the representations and warranties set forth in this Section 9.

9.1. Authorization. Each Investor has full power and authority to enter into this Agreement and the Agreement constitutes a valid and legally binding obligation of the Investor, enforceable in accordance with its terms.

9.2. Purchase Entirely for Own Account. Each Investor recognizes that this Agreement is made in reliance upon Investor's representation to the Company that the Conversion Shares that may be issued to it pursuant to this Agreement are being acquired for investment for Investor's own account, and not with an immediate view to the resale or distribution of any part thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same.

9.3. Investment Experience. Without derogating from the representations and warranties set forth in Section 8 above, Investor has experience in investing in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluation the merits and risks of the investment in the Conversion Shares that may be issued to it pursuant to this Agreement.

10. **Covenants**

10.1. Co-Sale Right. Until an IPO and except for a transfer to a Permitted Transferee (as such term is defined in the Articles of Association of the Company), any transfer of Company Shares by the shareholders of the Company shall be subject to customary co-sale rights in favor of such Investors who have exercised their Company Conversion Rights, as long as the aggregate shareholdings of the Investors do not fall below 3% of the issued share capital of the Company. D.N.A. and the Company hereby undertake to cause the amendment of the Company's Articles of Association to that effect upon the exercise of the Company Conversion Right by the Investors.

10.2. Piggyback Registration Rights. In the event of an IPO in the United States of America, the Company will grant piggyback registration rights to the Investors on customary terms and conditions.

10.3. Adjustments

The number of Conversion Shares shall be subject to adjustment from time to time or upon exercise as provided herein:

10.3.1. Consolidation and Division. If the Company or D.N.A. consolidates its ordinary shares into shares of greater nominal value, or subdivides them into shares of lesser nominal value, the number of shares to be allotted upon exercise of the Conversion Right after such consolidation or subdivision will be reduced or increased, as the case may be, such increase or decrease, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

10.3.2. Full Ratchet. Until the consummation of an IPO, in the event the Company shall at any time after the Closing Date and prior to the second anniversary of the Closing Date issue any New Securities (as such term is defined in Section 10(e) of the Company's Articles, without consideration or for a consideration per share less than the Company Conversion Price, then the Company Conversion Price shall be reduced, concurrently with such issue, to the consideration per share received by the Company for such issue or deemed issue of the additional Company Shares; provided that if such issuance or deemed issuance was without consideration, then the Company shall be deemed to have received an amount equal to the par value of the Company Shares.

10.3.3. Weighted Average. Until the consummation of an IPO, in the event the Company shall at any time after the second anniversary of the Closing Date and prior to the third anniversary of the Closing Date issue any New Securities, without consideration or for a consideration per share less than the Company Conversion Price. then the Company Conversion Price shall be reduced, concurrently

with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP = \frac{(A \times P') + (C \times P'')}{A+C}$$

where CP is the adjusted Company Conversion Price; A is the number of Company Shares, on a fully diluted, as-converted basis (as if all Options (as defined below) had been fully exercised and the resulting securities fully converted into Company Shares, as of such date), outstanding immediately prior to the relevant issuance of the additional securities: P' is the Company Conversion Price: C is the number of additional securities and P" is the reduced price per share.

10.3.4. Adjustment after the Exercise of the Company Conversion Right. In the event the Investors have exercised their Company Conversion Right, D.N.A. and the Company hereby undertake to cause the amendment of the Articles of Association of the Company to include an anti-dilution provision with the same economic effect as provided for in Sections 10.4.2 and 10.4.3.

10.3.5. For the purpose of this Section, "**Options**" shall mean any securities convertible into Company Shares.

11. **General**

11.1. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal substantive laws of the State of Israel, and the parties hereby consent and submit to the exclusive jurisdiction of the competent courts of Tel Aviv, Israel regarding all matters relating to this Agreement.

11.2. Counterpart Signatures. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that all parties need not sign the same counterpart. ln the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature page were an original thereof.

11.3. Transfer; Successors and Assigns. This Agreement and any rights and obligations of hereunder may not be assigned or transferred by any Investor without the prior written consent of the Company. The terms

and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

11.4. Entire Agreement. This Agreement constitutes the full and entire agreement, covenant, promise and understanding between the Parties hereto with respect to the subject matter hereof and thereof, and supersede any and all prior agreements, understandings, promises and representations made by all or some of the parties (or by any party to another), written or oral, concerning the subject matter hereof.

11.5. Amendment and Waivers. Any term of this Agreement may be amended and the severance 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 each party hereto.

11.6. Notice. All notices or other communications provided for in this Agreement shall be in writing and shall be given in person, by registered mail (registered air mail if mailed internationally), by an overnight courier service which obtains a receipt to evidence delivery, by facsimile transmission (evidenced by written confirmation of transmission), or electronic mail. addressed as set forth below:

Company	Entera Bio Ltd. 3 Avishai St. Jerusalem 93149
	Tel: (972)(0)
	Fax: (972)(0)
	Attn: Mr. Phillip Schwartz
	E-mail: phillip@enterabio.com
	Gellis Obrasky
With copy to	Jabotinsky House
	38 King George St.
	Tel Aviv 63298
	Israel
	Attn: Adv. Jossy Gellis

or such other address as any party may designate to the others in accordance with the aforesaid procedure. All notices and other communications delivered in person, by facsimile transmission or by electronic mail shall be deemed to have been given as of one business day after sending thereof, all notices and other communications delivered by overnight air courier shall be deemed to have been given as of the third business day after posting; and all notices and other communications sent by registered mail shall be deemed given ten (10) days after posting.

11.7. Expenses. Each party shall pay its own expenses, including without limitation legal and other professional fees and expenses, incurred in connection with this Agreement. The Company shall pay the stamp taxes and any other tax applicable to the execution, delivery and performance of this Agreement. Irrespective of the foregoing, if Investor exercises the Exchange Option, Investor shall bear all tax related thereto.

11.8. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this 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.

11.9. Public Statements. The parties shall agree upon a statement or communication to the public or press concerning this Agreement to be released upon the Closing. All other statements or communications to the public or press concerning the transactions contemplated hereunder shall be mutually agreed upon. Nothing herein shall prevent a party hereto from releasing any information if required to do so by applicable law, stock exchange, governmental regulatory authority, rule or regulation, in which case best efforts to consult with the other Parties will be made prior to any such release so that they may seek a protective order or other appropriate remedy. and further provided that in the event that such protective order or other remedy is not obtained, the disclosing party shall furnish only that portion of the information which in the reasonable opinion of its counsel is legally required.

[Signature Page to Follow]

IN WITNESS WHEREOF, each of the parties have caused this CONVERTIBLE FINANCING AGREEMENT to be executed as of the day and year first written above.

Entera Bio Ltd.

/s/ Phillip Schwartz
By: Phillip Schwartz
Its: CEO

D.N.A. Biomedical Solutions Ltd.

/s/ Yonatan Malca
By: Yonatan Malca
Leev Bronfeld
Director
Its: CEO

Investor 1

/s/ Ivan Berkowitz
Ivan Berkowitz

Investor 2

/s/ Kenneth Rubinson
Kenneth Rubinson

Exhibit 1

List of Investors

Name of Investor	Financing Amount per Investor	Company Conversion Shares	D.N.A. Conversion Shares
Ivan Berkowitz	$100,000	416	2,325,440
Kenneth Rubinson	$50,000	208	1,162,720

Exhibit 2.1.1

Board Resolution of the Company

Exhibit 2.2.2

Shareholders' Resolution of the Company

Exhibit 2.2.3

Board Resolutions of D.N.A.

Exhibit 2.4

Waiver

Exhibit 7.1

Corporate Documents of Company

Exhibit 7.5

Capitalization Table

Exhibit 10.4

ENTERA BIO LTD.

SHARE INCENTIVE PLAN

A. NAME AND PURPOSE

1. **Name:** This plan, as amended from time to time, shall be known as the "Entera Bio Ltd. Share Incentive Plan".

2. **Purpose:** The purpose and intent of the Plan is to provide incentives to employees, directors, consultants and/or contractors of the Company, by providing them with opportunities to purchase Shares, pursuant to a plan approved by the Board which is designed to enable the Company to issue equity related awards.

Incentives under the Plan will only be issued to Grantees (as defined below) subject to the Applicable Laws in their respective country of residence.

B. DEFINITIONS

"**Administrator**" means (i) the Board, or (ii) a committee of the Board appointed by the Board for the purpose of the administration of the Plan and, if a committee is appointed, to the extent acting in accordance with specific authorization and guidelines provided by the Board for such purpose and subject to any restriction under Applicable Laws.

"**Adoption Date**" means the Date of Grant, or any other date of commencement of vesting of an Award, for the purposes of the Plan, that is determined by the Administrator for a given grant of an Award.

"**Affiliate**" means any company (i) that holds at least 10% of the issued share capital of Entera Bio Ltd. or of its voting power, or (ii) in which Entera Bio Ltd. holds at least 10% of the issued share capital or voting power, or (iii) in which a company under clause (i) above also holds at least 10% of the issued share capital or voting power.

"**Applicable Laws**" means the requirements relating to the administration of equity compensation plans under Israeli law, U.S. state corporate laws, U.S. federal and state securities laws, U.S. tax law, and any share exchange or quotation system on which the Shares are listed or quoted and the applicable laws of any other country or jurisdiction where Awards are granted under the Plan.

"**Award**" means, individually or collectively, a grant under the Plan of Options, Shares, Restricted Shares, Restricted Share Units.

"**Board**" means the Board of Directors of Entera Bio Ltd.

"**Cause**" means (i) breach of the Grantee's duty of loyalty towards the Company, or (ii) breach of the Grantee's duty of care towards the Company, or (iii) the commission of any flagrant criminal

offense by the Grantee, or (iv) the commission of any act of fraud, embezzlement or dishonesty towards the Company by the Grantee, or (v) any unauthorized use or disclosure by the Grantee of confidential information or trade secrets of the Company, or (vi) involvement in a transaction in connection with the performance of duties to the Company which transaction is adverse to the interests of the Company and which is engaged in for personal profit, or (vii) any other intentional misconduct by the Grantee (by act or omission) adversely affecting the business or affairs of the Company in a material manner, or (viii) any act or omission by the Grantee which would allow for the termination of the Grantee's employment without severance pay, according to the Israeli Severance Pay Law, 1963, or any similar provision of applicable law in the jurisdiction in which the Grantee is employed.

"**Cessation of Service**" means Grantee's cessation of providing services as a Service Provider of the Company.

"**Companies Law**" means the Israeli Companies Law, 1999.

"**Company**" means Entera Bio Ltd., a company organized under the laws of the State of Israel, or any Affiliate thereof.

"**Consultant**" means any person, including an advisor, engaged by the Company to render services to such entity.

"**Corporate Transaction**" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its discretion, of the consolidated assets of the Company and its subsidiaries;

(ii) a sale or other disposition of at least eighty percent (80%) of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or reorganization following which the Company is the surviving corporation but the Ordinary Shares of the Company outstanding immediately preceding the merger, consolidation or reorganization are converted or exchanged by virtue of the merger, consolidation or reorganization into other property, whether in the form of securities, cash or otherwise.

Whether a transaction is a "Corporate Transaction" as defined above, shall be finally and conclusively determined by the Administrator in its absolute discretion.

"**Date of Grant**" means the effective date of grant of an Award, as detailed in Section 5.1 below.

"**Date of Cessation**" means the effective date of a Cessation of Service.

"**Director**" means a member of the Board or of the board of directors of an Affiliate.

"**Disability**" means the inability to engage in any substantial gainful occupation for which the Grantee is suited by education, training or experience, by reason of any medically determinable physical or mental impairment that is expected to result in such person's death or to continue for a period of six (6) consecutive months or more.

"**Employee**" means any person, including officers and Directors, employed by the Company or an Affiliate of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

"**Exercise Conditions**" means a Vesting Period and/or Performance Conditions.

"**Exercise Price**" means (i) the purchase price per Share subject to an Award, or (ii) the nominal value per Share to be paid upon the vesting of an Award that does not require exercise by the Grantee, to the extent the Grantee is required to pay such nominal value hereunder, as applicable.

"**Exercised Share**" means a Share issued upon exercise of an Award or vesting of an Award, as applicable, or, if applicable, a freely transferable Share issued to a Grantee not resulting from another type of Award.

"**Fair Market Value**" means, as of any date, the value of a Share, determined as follows:

(i) if the Shares are listed on any established stock exchange or national market system, its Fair Market Value will be the closing sales price for the Shares (or the closing bid, if no sales were reported) as quoted on such exchange or system on the close of business day prior to the day of determination, as reported in such source as the Administrator deems reliable;

(ii) if the Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Shares on the close of business day prior to the day of determination (or, if no bids and asks were reported on that date, as applicable, on the last trading date such bids and asks were reported), as reported in such source as the Administrator deems reliable; or

(iii) in the absence of an established market for the Shares, the Fair Market Value will be determined in good faith by the Administrator.

"**Grantee**" means the person to whom an Award shall be granted under the Plan.

"**IPO**" means an initial underwritten public offering of Shares.

"**Notice of Exercise**" means a written notice of exercise of an Award, delivered by a Grantee to the Company.

"**Notice of Grant**" means a written notice of the grant of an Award, accompanied by an applicable agreement between the Company and the Grantee relating to the terms of grant of said Award.

"**Option**" means an option to purchase a Share or Shares.

"**Performance Based Award**" means a performance based Award as defined in Section 10.1 below.

"**Performance Conditions**" mean Performance Conditions as defined in Section 10.1 below.

"**Plan**" means this "Entera Bio Ltd. Share Incentive Plan", as amended from time to time.

"**Representative**" means any third party designated by the Company for the purpose of the exercise of Awards, as provided in Section 8.2 below.

"**Restricted Share**" means a Share issued under the Plan to a Grantee for such consideration, if any, and subject to such restrictions as established by the Company, as detailed in Section 9A below.

"**RSU**" means Restricted Share Unit, as defined in Section 9 below.

"**Sale**" means the sale of all or substantially all of the issued and outstanding share capital of the Company. For purposes of a Sale, whether "all or substantially all of the issued and outstanding share capital of the Company is to be sold", shall be finally and conclusively determined by the Board in its absolute discretion.

"**Service Provider**" means an Employee, Director or Consultant.

"**Share**" means an Ordinary Share, nominal value of NIS 0.01each, of the Company.

"**Stock Market**" means a stock exchange or an electronic securities trading system (such as NASDAQ).

"**Successor Entity Award**" means securities of any successor entity, as provided in Section 11.3 below.

"**Tax**" means any and all federal, provincial, state and local taxes of any applicable jurisdiction, and other governmental fees, charges, duties, impositions and liabilities of any kind whatsoever, including social security, national health insurance or similar compulsory payments, together with all interest, linkage for inflation, penalties and additions imposed with respect to such amounts.

"**Vesting Period**" of an Award means, for the purpose of the Plan and its related instruments, the period between the Adoption Date and the date on which (i) the Grantee may exercise the Award into Exercised Shares; or (ii) if said Award does not require the Grantee to exercise it, the date on which the Award vests into an Exercised Share; or (iii) the date on which a Share (not resulting

from another type of Award) may be freely transferred by the Grantee (subject to any other restrictions prescribed herein or by law).

C. GENERAL TERMS AND CONDITIONS OF THE PLAN

3. **Administration:**

3.1 The Plan will be administered by the Administrator, subject to Applicable Law, including but not limited to the instructions of the Companies Law.

3.2 Subject to the general terms and conditions of the Plan, the Administrator shall have the full authority in its discretion, from time to time and at any time to determine (i) the Grantees under the Plan, (ii) the number of Shares subject to each Award, the type of Award, and the Exercise Price per Share, (iii) the time or times at which the same shall be granted, (iv) the schedule and conditions, including Performance Conditions (as defined in Section 10 below), if applicable, on which Awards may vest or be exercised and on which Shares shall be paid for, (v) the method of payment for Shares purchased pursuant to any Award, (vi) the method for satisfaction of any tax withholding obligation arising in connection with an Award, including by the withholding, delivery or sale of Shares, (vii) rules and provisions, as may be necessary or appropriate to permit eligible Grantees resident or employed in any specific jurisdiction to participate in the Plan and/or to receive preferential tax treatment in their country of residence, with respect to Awards granted hereunder, and/or (viii) the Fair Market Value of a Share covered by an Award or the method to be used in order to determine such Fair Market Value, and/or (ix) any other matter which is necessary or desirable for, or incidental to, the administration of the Plan.

3.3 The Administrator may, from time to time, adopt such rules and regulations for carrying out the Plan, as it may deem necessary.

3.4 The interpretation and construction by the Administrator of any provision of the Plan or of any Award thereunder shall be final and conclusive and binding on all parties who have an interest in the Plan or any Award or Exercised Share, unless otherwise determined by the Board.

4. **Eligible Grantees:**

4.1 The Administrator, at its discretion, may grant Awards to any Service Provider of the Company. Anything in the Plan to the contrary notwithstanding, all grants of Awards shall be authorized and implemented only in accordance with the provisions of Applicable Laws.

4.2 The grant of an Award to a Grantee hereunder, shall neither entitle such Grantee to participate, nor disqualify him from participating, in any other grant of Awards pursuant to the Plan or any other incentive plan of the Company.

5. **Date of Grant and Shareholder Rights:**

5.1 Date of Grant. Subject to Sections 7.1 and 7.2 hereof and to any Applicable Laws, the Date of Grant shall be the date the Administrator resolves to grant such Award, or any future date determined as the effective date of a grant of an Award, if so expressly stated by the Administrator in its determination relating to the grant of an Award. The Company shall promptly give the Grantee a Notice of Grant following such resolution.

5.2 Voting Rights; Shareholder Rights and Shareholders Agreement. Unless determined otherwise by the Administrator, as a condition precedent to any Award being exercised or vested, as applicable, (A) the Grantee shall execute and deliver a proxy and power of attorney with respect to any Exercised Shares held by the Grantee (or for his benefit) in a form that is appropriate under Applicable Laws and that appoints the Chairman of the Board or such other person as shall be designated by the Administrator, from time to time. The proxy holder shall vote such Exercised Shares only in the same proportion as the result of the shareholders vote, in respect of which such Exercised Shares are being cast. Such proxy shall terminate and be of no further force and effect upon the earlier of: (i) a consummation of an IPO; or (ii) the closing of a Corporate Transaction (as defined herein); and (B) until the consummation of an IPO the Grantee shall execute and deliver to the Company a signed form of company's shareholders agreement.

Such person or persons designated by the Board to act pursuant to such proxy, shall be indemnified and held harmless by the Company against any cost or expense (including counsel fees) reasonably incurred by him/her, or any liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with such proxy unless arising out of such member's own fraud or bad faith, to the extent permitted by Applicable Laws. Such indemnification shall be in addition to any rights of indemnification the proxy holder may have under the Company's Articles of Association, any agreement, any vote of shareholders, insurance policy or otherwise.

Subject to the aforesaid in this section, the holder of an Award shall have no shareholder rights with respect to the Shares subject to such Award until such person (i) shall have exercised such Award or such Award has vested into a Share, as applicable, and (ii) shall have all restrictions applicable to any Shares issued to him removed, if applicable; and (iii) has paid the applicable Exercise Price, if any; and (iv) has become the record holder of the Exercised Shares.

6. **Reserved Shares:**

6.1 Until termination of the Plan, the Company shall, at all times, reserve sufficient number of unissued Shares for the purpose of granting Awards under the Plan.

6.2 All Shares under the Plan, in respect of which the right of a Grantee to purchase or be issued the same shall, for any reason, terminate, expire or otherwise cease to exist, shall again be available for grant through Awards under the Plan, and under any sub-plans of this Plan,

as the Administrator may determine at its own discretion, from time to time, provided, however, that until termination of the Plan the Company shall at all times reserve sufficient number of unissued Shares to meet the requirements of the Plan.

6.3 Without derogating from the foregoing, the Administrator shall have full authority in its discretion to determine that the Company may issue, for the purposes of this Plan and/or any other plans, previously issued Shares that are held by the Company, from time to time as Dormant Shares (as such term is defined in the Companies Law).

7. **Required Approvals; Notice of Grant; Vesting:**

7.1 The implementation of the Plan and the granting of any Award under the Plan shall be subject to the Company's procurement of all approvals and permits required by Applicable Laws or regulatory authorities having jurisdiction over the Plan, the Awards granted under it, and the Shares issued pursuant to it.

7.2 The Notice of Grant shall state, *inter alia*, the number of Shares subject to each Award, the type of Award, the vesting schedule, the dates when the Award may be exercised and/or will vest (as applicable), any restrictions upon transfer or sale of Shares (if applicable), the Exercise Price, the tax treatment to which the Award is subject and such other terms and conditions as the Administrator at its discretion may prescribe, provided that they are consistent with the Plan.

7.3 Vesting of Awards. Unless determined otherwise by the Administrator, the Vesting Period pursuant to which such Awards shall vest, shall be such that all Awards shall be fully vested on the first business day following the passing of four (4) years from the Adoption Date, such that 25% of the Awards shall vest on the first anniversary of the Adoption Date, and 75% of the Awards shall vest in twelve (12) equal installments upon the lapse of each three-month period following the first anniversary of the Adoption Date.

Unless determined otherwise by the Administrator, any period in which the Grantee shall not be employed by the Company, or in which the Grantee shall have taken an unpaid leave of absence (excluding a leave for military reserves duty or the mandatory maternity leave determined by law), or in which the Grantee shall cease to serve as Service Provider of the Company, shall not be included in the Vesting Period.

7.4 Acceleration of Vesting. Anything herein to the contrary in the Plan notwithstanding, the Administrator shall have full authority to determine at any time any provisions regarding the acceleration of the Vesting Period of any Award (including, without limitation, accelerating the vesting schedule of any outstanding unvested Award upon a Corporate Transaction), or the cancellation of all or any portion of any outstanding restrictions or Exercise Conditions with respect to any Award or Share upon certain events or occurrences, and to include such provisions in the Notice of Grant on such terms and conditions as the Administrator shall deem appropriate.

8. **Options:**

8.1 Exercise Price; Re-pricing of Options.

8.1.1 The Exercise Price per Share subject to each Option shall be determined by the Administrator in its sole and absolute discretion, subject to Applicable Laws and to guidelines adopted by the Board, from time to time. In the event the Exercise Price is not determined by the Administrator, and provided the Company's shares are listed on any Stock Market, the Exercise Price of an Option shall be equal to the closing price of the Company's Share on such Stock Market for the last trading day before the Date of Grant of such Option.

8.1.2 Subject to Applicable Laws, the Administrator shall have MI authority to, at any time and from time to time, (i) grant in its discretion to the holder of an outstanding Option, in exchange for the surrender and cancellation of such Option, a new Option having an Exercise Price lower than provided in the Option so surrendered and canceled and containing such other terms and conditions as the Administrator may prescribe in accordance with the provisions of the Plan, or (ii) effectuate a decrease in the Exercise Price (see Section 8.1.1 above) of outstanding Options.

8.2 Exercise of Options. Options shall be exercisable pursuant to the terms under which they were awarded and subject to the terms and conditions of the Plan. The exercise of an Option shall be made by a written Notice of Exercise delivered by the Grantee to the Company at its principal executive office, and/or to a Representative, in such form and method as may be determined by the Company, specifying the number of Shares to be purchased and accompanied by the payment of the Exercise Price, at the Company's or the Representative's principal office, and containing such other terms and conditions as the Administrator shall prescribe from time to time.

Each payment for Exercised Shares shall be in respect of a whole number of Shares, and shall be effected in cash or by a bank's check payable to the order of the Company, or such other method of payment acceptable to the Company.

8.3 Net Exercise. Notwithstanding the provisions of Section 8.2 above, the Board may determine that instead of issuing one Exercised Share as a result of the exercise of each one Option (subject to adjustments under Section 11 herein), any Options shall be exercised using the following method (the "**Net Exercise**"):

(a) The Company shall issue to the Grantee (or for his benefit) a number of Shares having an aggregate Fair Market Value equal to the Benefit Amount (the "**Net Exercise Shares**");

For the purposes of this section the "**Benefit Amount**" shall mean the difference between:

(i) the product of (x) the Fair Market Value and (y) the number of Shares subject to the Options for which a Notice of Exercise has been delivered to the Company; and

(ii) the product of (x) the Exercise Price and (y) the number of Shares subject to the Options for which a Notice of Exercise has been delivered to the Company.

(b) The Grantee shall not be required to pay to the Company any sum with respect to the exercise of such Options, other than a sum equal to the aggregate nominal value of the Net Exercise Shares (which shall be paid in a manner provided in Section 8.2 above) (the "**Nominal Value Sum**"). However, the Company shall have the full authority in its discretion to determine at any time that the Nominal Value Sum shall not be paid and that the Company shall capitalize applicable profits or take any other action to ensure that it meets any requirement of Applicable Laws regarding issuance of Shares for consideration that is lower than the nominal value of such Shares;

(c) In any event, no fractional Shares will be issued to the Grantee and the number of Shares granted to the Grantee under the Plan shall be rounded off (upward or downward, as the Administrator shall determine) to the nearest whole number.

8.4 Term of Options. Unless otherwise determined by the Administrator, anything herein to the contrary notwithstanding, but without derogating from the provisions of Section 8.6 hereof, if any Option has not been exercised and the Shares subject thereto not paid for within six (6) years after the Date of Grant (or any shorter or longer period set forth in the Notice of Grant), such Option and the right to acquire such Shares shall terminate, all interests and rights of the Grantee in and to the same shall *ipso facto* expire, and the Shares subject to such Options shall again be available for grant through Awards under the Plan, and/or any sub-plans of the Plan, as provided for in Section 6 herein.

8.5 The exercise of the Options shall be subject to any Applicable Laws, including when applicable, the limitations in connection with the use of nonpublic information.

8.6 Cessation of Service.

8.6.1. In the event of a Cessation of Service, all Options theretofore granted to such Grantee, unless determined otherwise by the Administrator, shall terminate as follows:

(a) All such Options that are not vested on the Date of Cessation shall terminate immediately.

(b) If the Grantee's Cessation of Service is by reason of such Grantee's death or Disability, such Options (to the extent vested at the Date of Cessation) shall be exercisable by the Grantee or the Grantee's guardian, legal representative, estate or other person to whom the Grantee's rights are transferred by will or by laws of descent or distribution, at any time until the lapse of twelve (12) months from the Date of Cessation (but in no event after the expiration date of such Options), and shall thereafter terminate.

(c) If the Grantee's Cessation of Service is due to any reason other than those stated in Sections 8.6.1(b) and 8.6.1(d) herein, such Options (to the extent vested on the Date of Cessation) shall be exercisable at any time until the lapse of three (3) months from the Date of Cessation (but in no event after the expiration date of such Options), and shall thereafter terminate; provided, however, that if the Grantee dies within such period, such Options (to the extent vested on the Date of Cessation) shall be exercisable by the Grantee's legal representative, estate or other person to whom the Grantee's rights are transferred by will or by laws of descent or distribution at any time until the lapse of twelve (12) months from the Date of Cessation (but in no event after the expiration date of such Options), and shall thereafter terminate.

(d) Notwithstanding the aforesaid, if the Grantee's Cessation of Service is for Cause, all of the Options whether vested or not shall *ipso facto* expire immediately and be of no legal effect.

(e) Whether the Cessation of Service of a particular Grantee is by reason of "Disability" for the purposes of paragraph 8.6.1(b) hereof, or is a Cessation of Service other than by reason of such Disability, or is for Cause as set forth in paragraph 8.6.1(d) hereof, shall be finally and conclusively determined by the Administrator in its absolute discretion.

(f) Notwithstanding the aforesaid, under no circumstances shall any Option be exercisable after the specified expiration of the term of such Option.

8.6.2 Notwithstanding the foregoing provisions of this Section 8.6, the Administrator shall have the discretion, exercisable either at the time an Option is granted or thereafter, to:

(a) Extend the period of time for which the Option is to remain exercisable following the Date of Cessation to such greater period of time, as the Administrator shall deem appropriate, but in no event beyond the specified expiration of the term of the Option; and/or

(b) Permit the Option to be exercised, during the applicable exercise period following the Date of Cessation, not only with respect to the number of Shares for which such Option is exercisable at the Date of Cessation but also with respect to one or more additional installments in which the Grantee would have vested under the Option had the Grantee continued in the employ or service of the Company.

8.6.3 Notwithstanding the foregoing provisions of this Section 8.6, unless determined otherwise by the Administrator, and for the avoidance of doubt, the transfer of a Grantee from the employ or service of the Company to the employ or service of an Affiliate, or from the employ or service of an Affiliate to the employ or service of the Company or another Affiliate, shall not be deemed a termination of employment or service for purposes hereof.

9. **Restricted Share Units:**

9.1 Subject to the sole and absolute discretion and determination of the Administrator, the Administrator may decide to grant under the Plan, Restricted Share Unit(s) ("**RSU(s)**"). A RSU is a right to receive a Share of the Company, under certain terms and conditions, for a consideration of no more than the underlying Share's nominal value. Upon the lapse of the Exercise Conditions of a RSU, such RSU shall automatically vest into an Exercised Share of the Company (subject to adjustments under Section 11 herein) and the Grantee shall pay to the Company its nominal value. The Board, in its sole discretion, shall determine procedures from time to time for payment of such nominal value by the Grantee or for collection of such amount from the Grantee by the Company. However, the Company shall have the full authority in its discretion to determine at any time that said nominal value shall not be paid and that the Company shall capitalize applicable profits or take any other action to ensure that it meets any requirement of Applicable Laws regarding issuance of Shares for consideration that is lower than the nominal value of such Shares.

9.2 Unless determined otherwise by the Administrator, in the event of a Cessation of Service, all RSUs theretofore granted to such Grantee when such Grantee was a Service Provider of the Company that are not vested on the Date of Cessation, shall terminate immediately and have no legal effect.

9.3 All other terms and conditions of the Plan applicable to Options, shall apply to RSUs, *mutatis mutandis*. It is clarified, that without deviating from the foregoing in Sub-Section 9.2, the provisions of Section 8.6 herein, shall, *mutatis mutandis*, apply to RSUs in the event of Cessation of Service.

9A. **Restricted Shares.**

9A.1 Restricted Share Awards may be granted upon such terms and conditions, as the Administrator shall determine.

9A.2 Purchase Price. No monetary payment (other than payments made for applicable Taxes) shall be required as a condition of receiving Shares pursuant to a grant of Restricted Shares. Notwithstanding the foregoing, the Grantee shall furnish consideration in the form of cash having a value not less than the nominal value of the Shares subject to an award of Restricted Shares. The Board, in its sole discretion, shall determine procedures from time to time for payment of such nominal value by the Grantee or for collection of such amount from the Grantee by the Company. However, the Company shall have the full authority in its discretion to determine at any time that said nominal value shall not be paid and that the Company shall capitalize applicable profits or take any other action to ensure that it meets any requirement of Applicable Laws regarding issuance of Shares for consideration that is lower than the nominal value of such Shares.

9A.3 Vesting and Restrictions on Transfer. Shares issued pursuant to any Restricted Shares may (but need not) be made subject to Exercise Conditions as described herein, as shall be

established by the Administrator and set forth in the applicable Notice of Grant evidencing such Award. During any restriction period in which Shares acquired pursuant to an award of Restricted Shares remain subject to Exercise Conditions, such Shares may not be sold, exchanged, transferred, pledged, assigned or otherwise disposed of unless otherwise provided in the Plan. Upon request by the Company, each Grantee shall execute any agreement evidencing such transfer restrictions prior to the receipt of Shares hereunder and shall promptly present to the Company any and all certificates representing Shares acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

9A.4 Voting Rights; Dividends and Distributions. Except as provided in this section and in any Notice of Grant, and subject to the provisions of Section 5.2 above, during any restriction period applicable to Shares subject to an award of Restricted Shares, the Grantee shall have all of the rights of a shareholder of the Company holding Shares, including the right to receive all dividends and other distributions paid with respect to such Shares. However, in the event of a dividend or distribution paid in Shares or other property or any other adjustment made upon a change in the capital structure of the Company as described in Section 11.1, any and all new, substituted or additional securities or other property (other than normal cash dividends) to which the Grantee is entitled by reason of the Grantee's award of Restricted Shares shall be immediately subject to the same Exercise Conditions as the Shares subject to the award of Restricted Shares with respect to which such dividends or distributions were paid or adjustments were made.

9A.5 Cessation of Service. Unless otherwise provided by the Administrator, in the event of Cessation of Service of a Grantee, for any reason, whether voluntary or involuntary (including the Grantee's death or disability), then the Grantee shall forfeit to the Company any Shares acquired by the Grantee pursuant to an award of Restricted Shares which remain subject to Exercise Conditions as of the Date of Cessation.

9A.6 All other terms and conditions of the Plan applicable to Options, shall apply to Restricted Shares, *mutatis mutandis*. It is clarified, that without deviating from the foregoing in Sub-Section 9.2, the provisions of Section 8.6 herein, shall, *mutatis mutandis*, apply to Restricted Shares in the event of Cessation of Service.

10. **Performance Based Awards:**

10.1 Subject to the sole and absolute discretion and determination of the Administrator, the Administrator may decide to grant Awards under the Plan, the exercise or vesting of which, as applicable, shall be conditional upon the performance of the Company and/or an Affiliate and/or a division or other business unit of the Company or of an Affiliate and/or upon the performance of the Grantee, over such period and measured against such objective criteria as shall be determined by the Administrator and notified to the Grantee ("**Performance Based Award(s)**"). In granting each Performance Based Award, the Administrator shall establish in writing the applicable performance period ("**Performance Period**"), performance formula ("**Performance Formula**") and one or more performance goals ("**Performance Goal(s)**") which, when measured at the end of the Performance Period, shall determine on the basis of said Performance Formula the extent to which the Performance Based Award has vested and/or become exercisable (collectively, the "**Performance Conditions**"). For the avoidance of doubt, Performance Conditions may be determined for an Award either in addition to, or in substitution for, a Vesting Period.

10.2 After a Performance Based Award has been granted, the Administrator may, in appropriate circumstances, amend any Performance Condition, at its sole and absolute discretion.

10.3 If, in consequence of the applicable Performance Conditions being met a Performance Based Award becomes vested and/or exercisable in respect of some, but not all of the number of Shares underlying such Award it shall thereupon lapse and cease to be exercisable in respect of the balance of the Shares over which it was held.

10.4 Performance Conditions shall not be automatically waived merely due to an event of (i) a Cessation of Service, (ii) a Corporate Transaction, (iii) any other adjustment under Section 11 below, or (iv) a Sale under Section 11.4 below.

10.5 Measurement of Performance Goals. Performance Goals shall be established by the Administrator on the basis of targets to be attained with respect to one or more measures of business or financial performance that shall have the same meanings as used in the Company's financial statements, or, if such terms are not used in the Company's financial statements, they shall have the meaning applied pursuant to generally accepted accounting principles, or as used generally in the Company's industry ("P**erformance Measures**"). For purposes of the Plan, the Performance Measures applicable to a Performance Based Award shall be calculated in accordance with generally accepted accounting principles, excluding the effect (whether positive or negative) of any change in accounting standards or any extraordinary, unusual or nonrecurring item, as determined by the Administrator, occurring after the establishment of the Performance Goals applicable to the Performance Based Award. Each such adjustment, if any, shall be made solely for the purpose of providing a consistent basis from period to period for the calculation of Performance Measures in order to prevent the dilution or enlargement of the Grantee's rights with respect to a Performance Based Award. Performance Measures may be one or more of the following, as determined by the Administrator: revenue; sales; expenses; operating income; gross margin; operating margin; earnings before any one or more of: share-based compensation expense, interest, taxes, depreciation and amortization; pre-tax profit; net operating income; net income; economic value added; free cash flow; operating cash flow; share price; earnings per share; return on shareholder equity; return on capital; return on assets; return on investment; employee satisfaction; employee retention; balance of cash, cash equivalents and marketable securities; market share; customer satisfaction; product development; research and development expenses; completion of an identified special project; and completion of a joint venture or other Corporate Transaction.

10.6 All other terms and conditions of the Plan applicable to Awards, shall apply to Performance Based Awards, *mutatis mutandis*.

11. **Adjustments, Liquidation and Corporate Transaction:**

11.1 Adjustments. Subject to any required action under any Applicable Laws, the number of Shares subject to each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Award, as well as the price per share of Shares subject to each outstanding Award, shall be proportionately adjusted, as the Board deems necessary or appropriate, for any increase or decrease in the number of issued Shares resulting from a share split, reverse share split, stock dividend, combination or reclassification of the Shares, or any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company, such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of a Grantee under the Plan; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Except as expressly provided in this Section 11, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Award.

11.2 Liquidation. Unless otherwise provided by the Board, in the event of the proposed dissolution or liquidation of the Company, all outstanding Awards will terminate immediately prior to the consummation of such proposed action. In such case, the Board may declare that any Award shall terminate as of a date fixed by the Board and give each Grantee the right to exercise his Award or have it vested, including Award that would not otherwise vest or be exercisable.

11.3 Corporate Transaction.

(a) In the event of a Corporate Transaction, immediately prior to the effective date of such Corporate Transaction, each Award may, among other things, at the sole and absolute discretion of the Board, either:

(i) Be substituted for a Successor Entity Award such that the Grantee may exercise the Successor Entity Award or have it become vested, as the case may be, for such number and class of securities of the successor entity which would have been issuable to the Grantee in consummation of such Corporate Transaction, had the Award vested or been exercised (as applicable), immediately prior to the effective date of such Corporate Transaction, given the exchange ratio or consideration paid in the Corporate Transaction, the Vesting Period and Performance Conditions (if any) of the Awards and such other terms and factors that the Administrator determines to be relevant for purposes of calculating the number of Successor Entity Awards granted to each Grantee; or

(ii) Be assumed by any successor entity such that the Grantee may exercise the Award or have his/her Award vest (as applicable), for such number and class of securities of the successor entity which would have been issuable to the Grantee in consummation of such Corporate Transaction, had the Award vested or been exercised immediately prior to the

effective date of such Corporate Transaction, given the exchange ratio or consideration paid in the Corporate Transaction, the Vesting Period and Performance Conditions (if any) of the Awards and such other terms and factors that the Board determines to be relevant for this purpose.

(iii) Determine that the Awards shall be cashed out for a consideration equal to the difference between the price received by the shareholders of the Company in the Corporate Transaction and the Exercise Price, purchase price, or nominal value, as the case may be, of such Award.

In the event of a clause (i) or clause (ii) action, appropriate adjustments shall be made to the Exercise Price per Share to reflect such action. In taking any of the actions permitted under this Section 11.3(a), the Administrator shall not be obligated to treat all Awards, all Awards held by a Grantee, or all Awards of the same type, similarly.

(b) Immediately following the consummation of the Corporate Transaction, all outstanding Awards shall terminate and cease to be outstanding, except to the extent assumed by a successor entity.

(c) Notwithstanding the foregoing, and without derogating from the power of the Board or Administrator pursuant to the provisions of the Plan, the Board shall have full authority and sole discretion to determine that any of the provisions of Sections 11.3(a)(i) or 11.3(a)(ii) above shall apply in the event of a Corporate Transaction in which the consideration received by the shareholders of the Company is not solely comprised of securities of a successor entity, or in which such consideration is solely cash or assets other than securities of a successor entity.

11.4 Sale. Subject to any provision in the Articles of Association of the Company and to the Board's sole and absolute discretion, in the event of a Sale, each Grantee shall be obligated to participate in the Sale and sell his or her Shares and/or Awards in the Company, provided, however, that each such Share or Award shall be sold at a price equal to that of any other Ordinary Share sold under the Sale (and, unless determined otherwise by the Board, less the applicable Exercise Price), while accounting for changes in such price due to the respective terms of any such Award, and subject to the absolute discretion of the Board.

11.5 The grant of Awards under the Plan shall in no way affect the right of the Company to distribute bonus shares, to offer rights to purchase its securities, to distribute dividends, to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

12. **Limitations on Transfer:**

12.1 Unless determined otherwise by the Administrator, no Award shall be assignable or transferable by the Grantee to whom granted otherwise than by will or the laws of descent and distribution, and an Award shall vest or may be exercised (as applicable) during the lifetime of the Grantee only by such Grantee or by such Grantee's guardian or legal representative. The terms of such Award shall be binding upon the beneficiaries, executors, administrators, heirs and

successors of such Grantee. Any Shares acquired upon exercise or vesting of Awards shall be transferable only in accordance with applicable securities and other local laws, and may be subject to substantial statutory or regulatory restrictions on transfer, except to the extent exemptions (whether by registration or otherwise) are available.

12.2 Right of First Refusal. The sale or transfer of Exercised Shares to a third party shall be subject to any right of first refusal to purchase such Shares prescribed by the Company's Articles of Association.

12.3 Underwriter's Lock-up and Limitations on the Use of Nonpublic Information. The Grantee's rights to sell Exercised Shares may be subject to certain limitations (including a lock-up period), as will be requested by the Company or its underwriters, from time to time, or upon a specific occurrence, and the Grantee unconditionally agrees and accepts any such limitations. Furthermore, the Grantee's right to sell Exercised Shares is subject to Applicable Laws, including in connection with limitation relating to the use of non-public information, if and when applicable.

13. **Term and Amendment of the Plan:**

13.1 The Plan shall terminate upon the earliest of (i) the expiration of the ten (10) year period measured from the date the Plan was adopted by the Board, or (ii) the termination of all outstanding Awards in connection with a Corporate Transaction. All Awards outstanding at the time of a clause (i) termination event shall continue to have full force and effect in accordance with the provisions of the Plan and the documents evidencing such Awards.

13.2 Subject to Applicable Laws and regulations, the Board in its discretion may, at any time and from time to time, amend, alter, extend or terminate the Plan, as it deems advisable, including without limitation, change the vesting and exercise periods. In addition, the Administrator may adopt, as part of the Plan and based on it, sub-plans, in order to comply with all relevant and Applicable Laws and regulations of the country of residence of any Grantees.

14. **Withholding and Tax Consequences:**

14.1 All Tax consequences and obligations arising from the grant, vesting, or exercise of any Award (as applicable), or the subsequent disposition of, Shares subject thereto or from any other event or act (of the Company or of the Grantee) hereunder, shall be borne solely by the Grantee, and the Grantee shall indemnify the Company and hold it harmless against and from any and all liability for any such Tax, including without limitation, monetary liabilities relating to the necessity to withhold, or to have withheld, any such Tax payment from any payment made to the Grantee. Notwithstanding the above, the Company's obligation to deliver Shares upon the exercise or vesting of any Awards granted under the Plan shall be subject to the satisfaction of all applicable Tax withholding requirements as governed by Applicable Laws or practice.

14.2 Withholding in Shares. The Company shall have the right, but not the obligation, to deduct from the Shares issuable to a Grantee upon the exercise or vesting of an Award, or to accept from the Grantee the tender of, a number of whole Shares having a Fair Market Value, as

determined by the Company, that will enable the Company to satisfy any Tax withholding obligations of the Company.

14.3 The Company shall not be required to release any Shares (or Share certificate) to a Grantee until all required payments have been fully made or secured.

14.4 The Grantee shall, if requested at any time by the Company, provide to the Company within 10 calendar days of such request, any information regarding the transfer or other disposition of Shares reasonably required by the Company in order for the Company to comply with applicable local laws and regulations or to obtain any benefits thereunder.

15. **Miscellaneous:**

15.1 Continuance of Employment. Neither the Plan nor the grant of an Award thereunder shall impose any obligation on the Company to continue the employment or service of any Grantee. Nothing in the Plan or in any Award granted thereunder shall confer upon any Grantee any right to continue in the employ or service of the Company for any period of specific duration, or interfere with or otherwise restrict in any way the right of the Company to terminate such employment or service at any time, for any reason, with or without cause.

15.2 Notwithstanding anything to the contrary in the Plan, it is hereby clarified, that any income attributed (or deemed to be attributed) to the Grantee as a result of the Plan, the grant, vesting or exercise of Awards thereunder, or the sale of Exercised Shares, shall not be taken into account for the purpose of calculating the Grantee's eligibility for any rights deriving from the employee-employer or service provider-client relationship between the Grantee and the Company.

15.3 Governing Law. The Plan and all instruments issued thereunder or in connection therewith, shall be governed by, and interpreted in accordance with, the laws of the jurisdiction in which the Grantee is generally employed by the Company or provides services to the Company, excluding the choice of law rules thereof.

15.4 Application of Funds. Any proceeds received by the Company from the sale of Shares pursuant to the exercise or vesting of Awards granted under the Plan, as applicable, shall be used for general corporate purposes of the Company.

15.5 Multiple Agreements. The terms of each Award may differ from other Awards granted under the Plan at the same time, or at any other time. The Administrator may also grant more than one grant of Awards to a given Grantee during the term of the Plan, either in addition to, or in substitution for, one or more Awards previously granted to that Grantee. The grant of multiple Awards may be evidenced by a single Notice of Grant or multiple Notices of Grant, as determined by the Administrator.

15.6 Non-Exclusivity of the Plan. The adoption of the Plan by the Board shall not be construed as amending, modifying or rescinding any previously approved incentive arrangement or as creating any limitations on the power of the Board to adopt such other incentive

arrangements as it may deem desirable, including, without limitation, the granting of share-based Awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

16. The provisions of the Plan shall not be construed as deviating from any Applicable Laws, rules and regulations.

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APPENDIX "A"

ENTERA BIO LTD.

ADDENDUM TO THE SHARE INCENTIVE PLAN
FOR ISRAELI GRANTEES

1. General

1.1 This addendum (the "**Addendum**") shall apply only to Grantees who are residents of the State of Israel or those who are deemed to be residents of the State of Israel for tax purposes (collectively, "**Israeli Grantees**"). The provisions specified hereunder shall form an integral part of the "Entera Bio Ltd. Share Incentive Plan" (the "**Plan**"), which applies to the grant of Awards.

1.2 This Addendum is to be read as a continuation of the Plan and only modifies the terms of Awards granted to Israeli Grantees so that they comply with the requirements set by the Israeli law in general, and in particular with the provisions of the Israeli Tax Ordinance (as defined below), as may be amended or replaced from time to time. For the avoidance of doubt, this Addendum does not add to or modify the Plan in respect of any other category of Grantees.

1.3 The Plan and this Addendum are complimentary to each other and shall be deemed as one. In any case of contradiction with respect to Awards granted to Israeli Grantees, whether explicit or implied, between the provisions of this Addendum and the Plan, the provisions set out in this Addendum shall prevail.

1.4 Any capitalized term not specifically defined in this Addendum shall be construed according to the definition or interpretation given to it in the Plan.

2. Definitions

"**102 Award"** means a grant of an Award to an Israeli employee, director or other office holder of the Company, other than to a Controlling Shareholder, pursuant to the provisions of Section 102 of the Tax Ordinance, the 102 Rules, and any other regulations, rulings, procedures or clarifications promulgated thereunder, or under any other section of the Tax Ordinance that will be relevant for such issuance in the future.

"**102(c) Award**" means a 102 Award that will not be subject to a Taxation Route, as detailed in Section 102(c) of the Tax Ordinance.

"**3(i) Award**" means a grant of an Option or RSU to an Israeli consultant, contractor or a Controlling Shareholder of the Company pursuant to the provisions of Section 3(i) of the Tax Ordinance and the rules and regulations promulgated thereunder, or any other section of the Tax Ordinance that will be relevant for such issuance in the future.

"**Beneficial Grantee**" means the Grantee for the benefit of whom the Trustee holds an Award in Trust.

"**Capital Gains Route**" means the capital gains tax route under Section 102(b)(2) of the Tax Ordinance.

"**Controlling Shareholder**" means a "controlling shareholder" of the Company, as such term is defined in Section 32(9)(a) of the Tax Ordinance.

"**Minimum Trust Period**" means the minimum period of time required under a Taxation Route for Awards and/or Exercised Shares to be held in Trust in order for the Beneficial Grantee to enjoy to the fullest extent the tax benefits afforded under such Taxation Route, as prescribed at any time by Section 102 of the Tax Ordinance.

"**Ordinary Income Route**" means the ordinary income route under Section 102(b)(1) of the Tax Ordinance.

"**Rights**" means rights issued in respect of Exercised Shares, including bonus shares.

"**102 Rules**" means the Israeli Income Tax Rules (Tax Relief in Issuance of Shares to Employees), 2003.

"**Taxation Route**" means each of the Ordinary Income Route or the Capital Gains Route.

"**Tax Ordinance**" means the Israeli Income Tax Ordinance [New Version], 1961, as amended.

"**Trust**" means the holding of an Award or Exercised Share by the Trustee in Trust for the benefit of the Beneficial Grantee, pursuant to the instructions of a Taxation Route.

"**Trustee**" means a trustee designated by the Administrator in accordance with the provisions of Section 3 below and, with respect to 102 Awards, approved by the Israeli Tax Authorities.

3. Administration:

3.1 Subject to the general teams and conditions of the Plan, the Tax Ordinance, and any other applicable laws and regulations, the Administrator shall have the full authority in its discretion, from time to time and at any time, to determine:

(a) With respect to grants of 102 Awards - whether the Company shall elect the Ordinary Income Route or the Capital Gains Route for grants of 102 Awards, and the identity of the trustee who shall be granted such 102 Awards in accordance with the provisions of the Plan and the then prevailing Taxation Route.

In the event the Administrator determines that the Company shall elect one of the Taxation Routes for grants of 102 Awards, all grants of 102 Awards made following such election, shall be subject to the elected Taxation Route and the Company shall be entitled to change such election only following the lapse of one year from the end of the tax year in which

102 Awards are first granted under the then prevailing Taxation Route or following the lapse of any shorter or longer period, if provided by law; and

(b) With respect to the grant of 3(i) Awards - whether or not 3(i) Awards shall be granted to a trustee in accordance with the terms and conditions of the Plan, and the identity of the trustee who shall be granted such 3(i) Awards in accordance with the provisions of the Plan.

3.2 Notwithstanding the aforesaid, the Administrator may, from time to time and at any time, grant 102(c) Awards.

4. Grant of Awards and Issuance of Shares:

Subject to the provisions of the Tax Ordinance and applicable law:

(a) All grants of Awards to Israeli employees, directors and office holders of the Company, other than to a Controlling Shareholder, shall be of 102 Awards; and

(b) All grants of Awards to Israeli consultants, contractors or Controlling Shareholders of the Company shall be of 3(i) Awards.

5. Trust:

5.1 General.

(a) In the event Awards are deposited with a Trustee, the Trustee shall hold each such Award and any Exercised Shares in Trust for the benefit of the Beneficial Grantee.

(b) In accordance with Section 102, the tax benefits afforded to 102 Awards (and any Exercised Shares) in accordance with the Ordinary Income Route or Capital Gains Route, as applicable, shall be contingent upon the Trustee holding such 102 Awards for the applicable Minimum Trust Period.

(c) With respect to 102 Awards granted to the Trustee, the following shall apply:

(i) A Grantee granted 102 Awards shall not be entitled to sell the Exercised Shares or to transfer such Exercised Shares (or such 102 Awards) from the Trust prior to the lapse of the Minimum Trust Period; and

(ii) Any and all Rights shall be issued to the Trustee and held thereby until the lapse of the Minimum Trust Period, and such Rights shall be subject to the Taxation Route which is applicable to such Exercised Shares.

(d) Notwithstanding the aforesaid, Exercised Shares or Rights may be sold or transferred, and the Trustee may release such Exercised Shares or Rights from Trust, prior to the lapse of the Minimum Trust Period, provided however, that tax is paid or withheld in

accordance with Section 102 of the Tax Ordinance and Section 7 of the 102 Rules, and any other provision in any other section of the Tax Ordinance and any regulation, ruling, procedure and clarification promulgated thereunder, that will be relevant, from time to time.

(e) The Company shall register the Exercised Shares issued to the Trustee pursuant to the Plan, in the name of the Trustee for the benefit of the Israeli Grantees, in accordance with any applicable laws, rules and regulations, until such time that such Shares are released from the Trust as herein provided.

If the Company shall issue any certificates representing Exercised Shares deposited with the Trustee under the Plan, then such certificates shall be deposited with the Trustee, and shall be held by the Trustee until such time that such Exercised Shares are released from the Trust as herein provided.

(f) Subject to the teens hereof, at any time after the Awards are exercised or vested, with respect to any Exercised Shares the following shall apply:

(i) Upon the written request of any Beneficial Grantee, the Trustee shall release from the Trust the Exercised Shares issued, on behalf of such Beneficial Grantee, by executing and delivering to the Company such instrument(s) as the Company may require, giving due notice of such release to such Beneficial Grantee, provided, however, that the Trustee shall not so release any such Exercised Shares to such Beneficial Grantee unless the latter, prior to, or concurrently with, such release, provides the Trustee with evidence, satisfactory in form and substance to the Trustee, that payment of all taxes, if any, required to be paid upon such release has been secured.

(ii) Alternatively, subject to the terms hereof, provided the Shares are listed on a Stock Market, upon the written instructions of the Beneficial Grantee to sell any Exercise Shares, the Company and/or the Trustee shall use their reasonable efforts to effect such sale and shall transfer such Shares to the purchaser thereof concurrently with the receipt of, or after having made suitable arrangements to secure, the payment of the proceeds of the purchase price in such transaction. The Company and/or the Trustee, as applicable, shall withhold from such proceeds any and all taxes required to be paid in respect of such sale, shall remit the amount so withheld to the appropriate tax authorities and shall pay the balance thereof directly to the Beneficial Grantee, reporting to such Beneficial Grantee the amount so withheld and paid to said tax authorities.

5.2 Voting Rights. Unless determined otherwise by the Administrator, as long as the Trustee holds the Exercised Shares, the voting rights at the Company's general meeting attached to such Exercised Shares will remain with the Trustee. However, the Trustee shall not be obligated to exercise such voting rights at general meetings nor notify the Grantee of any Shares held in the Trust, of any meeting of the Company's shareholders.

Without derogating from the above, with respect to 102 Awards, such shares shall be voted in accordance with the provisions of Section 102 and any rules, regulations or orders promulgated thereunder.

5.3 Dividends. Subject to any applicable law, tax ruling or guidelines of the Israeli Tax Authority, as applicable, for so long as Shares deposited with the Trustee on behalf of a Beneficial Grantee are held in Trust, the cash dividends paid or distributed with respect thereto shall be distributed directly to such Beneficial Grantee, subject further to any applicable taxation on distribution of dividends, and when applicable subject to the provisions of Section 102 of the Tax Ordinance, the 102 Rules and the regulations or orders promulgated thereunder.

5.4 Notice of Exercise. With respect to a 102 Award held in the Trust, a copy of any Notice of Exercise shall be provided to the Trustee, in such form and method as may be determined by the Trustee in accordance with the requirements of Section 102 of the Tax Ordinance.

6. Notice of grant:

6.1 The Notice of Grant shall state, *inter alia*, whether the Awards granted to Israeli Grantees are 102 Awards (and in particular whether the 102 Awards are granted under the Ordinary Income Route, the Capital Gains Route or as 102(c) Awards), or 3(i) Awards. Each Notice of Grant evidencing a 102 Award shall be subject to the provisions of the Tax Ordinance applicable to such awards.

6.2 Furthermore, each Grantee of a 102 Award under a Taxation Route shall be required: (i) to execute a declaration stating that he or she is familiar with the provisions of Section 102 of the Tax Ordinance and the applicable Taxation Route; and (ii) to undertake not to sell or transfer the Awards and/or the Exercised Shares prior to the lapse of the applicable Minimum Trust Period, unless he or she pays all taxes that may arise in connection with such sale and/or transfer.

7. Sale:

In the event of a Sale described in Section 11.4 of the Plan, with respect to Shares held in Trust the following procedure will be applied: The Trustee will transfer the Shares held in Trust and sign any document in order to effectuate the transfer of Shares, including share transfer deeds, provided, however, that the Trustee receives a notice from the Board, specifying that: (i) all or substantially all of the issued outstanding share capital of the Company is to be sold, and therefore the Trustee is obligated to transfer the Shares held in Trust under the provisions of Section 11.4 of the Plan; and (ii) the Company is obligated to withhold at the source all taxes required to be paid upon release of the Shares from the Trust and to provide the Trustee with evidence, satisfactory to the Trustee, that such taxes indeed have been paid; and (iii) the Company is obligated to transfer the consideration for the Shares (less applicable tax and compulsory payments) directly to the Grantees.

8. Limitations of Transfer:

In addition to the provisions of Section 12 of the Plan, as long as Awards and/or Shares are held by the Trustee on behalf of the Grantee, all rights of the Grantee over the Shares are personal, can not be transferred, assigned, pledged or mortgaged, other than by will or pursuant to the laws of descent and distribution.

9. Taxation:

9.1 Without derogating from the provisions of Section 14 of the Plan, the provisions of Section 14.1 of the Plan shall apply also to actions taken by the Trustee. Accordingly, without derogating from the provisions of Section 14.1 of the Plan, the Grantee shall indemnify the Trustee and hold it harmless against and from any and all liability for any such Tax, including without limitation, monetary liabilities relating to the necessity to withhold, or to have withheld, any such Tax from any payment made to the Grantee.

9.2 The Trustee shall not be required to release any Share (or Share certificate) to a Grantee until all required Tax payments have been fully made or secured.

9.3 With regards to 102 Awards, any provision of Section 102 of the Tax Ordinance, the 102 Rules and the regulations or orders promulgated thereunder, which is necessary in order to receive and/or to preserve any Tax treatment pursuant to Section 102 of the Tax Ordinance, which is not expressly specified in the Plan or in this Addendum, shall be considered binding upon the Company and the Israeli Grantee.

9.4 Guarantee. In the event a 102(c) Award is granted to a Grantee, if the Grantee's employment or service is terminated, for any reason, such Grantee shall provide the Company, to its full satisfaction, with a guarantee or collateral securing the future payment of all Taxes required to be paid upon the sale of the Exercised Shares received upon exercise of such 102(c) Award, all in accordance with the provisions of Section 102 of the Tax Ordinance, the 102 Rules and the regulations or orders promulgated thereunder.

10. Cessation of Service: It is hereby clarified that the Cessation of Service of an Israeli Grantee who is an Employee shall be the cessation of the employee-employer relationship between the Israeli Grantee and the Company.

Enters Bio Ltd.

Private Company No. 514330604

(the "**Company**")

UNANIMOUS WRITTEN CONSENT

OF THE BOARD OF DIRECTORS

The undersigned. being all the members of the Board of Directors of the Company (the "**Board**"). hereby unanimously adopt the following resolutions in writing and without a meeting, as of March 17, 2013.

Phillip Schwartz has disclosed his personal interest in certain of the below transactions and therefore, the Board shall submit the relevant resolutions to the shareholders of the Company for their approval.

A. SIGNATURE RIGHTS

RESOLVED, that any previous resolution of the Board pertaining to signature rights of any representative of the Company shall hereby be cancelled and nullified and that. as of the date hereof, solely the signature rights set forth herein shall be effective.

RESOLVED, that the collective signature of two out of the following persons accompanied by the stamp or printed name of the Company shall be binding upon the Company for any matter in any amount without limitation:

1. Zeev Bronfeld (ID. 50843101)
2. Yonatan Males (ID. 022620934)
3. Phillip Schwartz (US passport 444958743).

RESOLVED, that, without derogating from the above, the collective signature of two out of the following persons accompanied by the stamp or printed name of the Company shall be binding upon the Company for effecting payments in any amount without limitation:

1. Zeev Bronfeld
2. Yonatan Malta
3. Philip Schwartz
4. Israel Messer (ID. 037542685).

B. BANK ACCOUNT WITH BANK LEUMI

RESOLVED, that a bank account with Bank Leumi (the "**Bank**") (branch number 717) (the "**Bank Account**"), shall be opened in the name of the Company and operated pursuant to the general conditions governing the operations of the Bank Account and the terms and conditions of all documents signed and/or hereafter signed by the Company from time to time vis-a-vis the Bank, and the Bank standard terms and conditions in force from time to time.

RESOLVED, that Messrs. Phillip Schwartz, Israel Messer and Shimon Erlichman (ID. 050354117) shall be authorized to check the Bank Account through the internet banking system of the Bank and be issued by the Bank the codes required therefor.

RESOLVED, that solely payment of salaries, but no other payments, may be effected through the internet banking system.

RESOLVED, that Messrs. Phillip Schwartz and Israel Messer, each individually, shall be authorized to effect transfers between different bank accounts of the Company (e.g. transfers between checking and savings account) or order documents and certifications from the Bank.

RESOLVED, that Mr. Phillip Schwartz shall receive and be authorized to use a credit card issued by the Bank in favor of the Company in accordance with the Company's policies and the Bank's general terms and conditions.

RESOLVED, that Mr. Phillip Schwartz and Mr. Israel Messer, each individually, shall be authorized to perform all acts and execute all documents required in order to open and maintain the Bank Account.

C. ISSUANCE OF BANK GUARANTEE

RESOLVED. that the issuance of a bank guarantee in the amount of NIS 20,250 in favor of HBL Hadasit Bio-Holdings Ltd. to secure the rent payment for the office lease of the Company shall be approved.

D. BANK ACCOUNT WITH U-BANK

RESOLVED, that NIS 35.000 shall be held as a security deposit for the use of the credit card issued by U Bank.

RESOLVED, that Mr. Phillip Schwartz and Mr. Israel Messer. each individually, shall be authorized to perform all acts and execute all documents required by U Bank to close the existing bank account of the Company.

E. FINANCIAL STATEMENTS

RESOLVED, that the financial statements of the Company for financial year 2011 have been distributed to the Board, reviewed and discussed and shall be approved.

F. REPORT TO THE COMPANIES REGISTRAR

RESOLVED, that the report of the Company to the Companies Registrar, in the form attached hereto as Exhibit A, shall be approved and that Mr. Phillip Schwartz shall be authorized to sign and execute such report on behalf of the Company.

G. ESOP

RESOLVED,

a. That the Employee Share Incentive Plan (the "**Plan**") in the form attached hereto as Exhibit B be, and hereby is, approved.

b. To elect the Capital Gains Route for taxation of awards granted under the Plan, in accordance with Section 102 (b)(2) of the Ordinance; and to file such election with the Israeli tax authorities in accordance with applicable law; and

c. To appoint **S.G.S. Trusts Ltd** (the "**Trustee**") to serve as trustee under the Plan, for the purpose of grants made pursuant to the provisions of Section 102 of the Ordinance, in accordance with the aforementioned Section 102 and the rules promulgated thereunder.

d. Subject to the lapse of 30 days from the submission of the Plan to the Israeli Tax Authority, in accordance with the rules promulgated under Section 102 of the Ordinance, to approve the grant of an option to purchase up to 3,296 Ordinary Shares of the Company NIS 0.01 par value ("**Options**"), reflecting 9.9% of the Company's share capital, to Mr. Phillip Schwartz. The Options are granted under the terms and conditions of the Plan.

H. EMPLOYMENT AGREEMENT PHILLIP SCHWARTZ

RESOLVED, that the salary of Phillip Schwartz under his employment agreement shall be amended to reflect NIS 70,000 employer's expense ("[**Hebrew characters]**"), including company car and cellular phone starting February 2013. Phillip Schwartz shall be entitled to choose to receive his remuneration either as salary or via invoice.

The Board acknowledges that Section 9.1 of the employment agreement of Phillip Schwartz erroneously provides for the minimum pension arrangement required by law. The Company however has contributed, and will continue to contribute, pension payments for the benefit of Phillip Schwartz in accordance with customary Manager's Insurance.

I. GENERAL MEETING OF SHAREHOLDERS

The Board will summon general meeting of shareholders of the Company which, among other things, shall approve the 2011 financials and the Company's auditors, amendment of the salary of Phillip Schwartz and the issuance of the abovementioned options.

J. GENERAL TRAVEL POLICY

RESOLVED, that the Company shall adopt a general travel policy. Among others such policy shall set forth hotel and travel allowances which currently are set at up to US$180 in the USA (US$ 250 in high season) and up to € 120 in Europe (€ 180 in high season); per diem allowance for pocket expenses shall be US$65. Air travel shall be made in economy class, unless no seats are available in which case business class travel may be authorized by two members of the Board.

K. GENERAL; OMNIBUS

RESOLVED, that all actions previously taken by any officer or director of the Company in connection with the foregoing resolutions be, and they hereby are. adopted, ratified, confirmed and approved in all respects;

RESOLVED FURTHER, that any Officer is hereby authorized and directed to execute, make, verify, acknowledge, deliver, file and record any and all applications, certificates, instruments, agreements and documents and to take any and all other actions as may be necessary or desirable

in its judgment in order to carry out the intent and purposes of the foregoing resolutions, the execution by any Officer of any such document to be conclusive evidence of such Officer's authority to act in accordance with these resolutions.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS HEREOF, the undersigned directors of the Company have executed the above resolutions.

/s/ Zeev Bronfeld
Mr. Zeev Bronfeld

/s/ Yonatan Malca
Mr. Yonatan Malca

/s/ Phillip Schwartz
Mr. Phillip Schwartz

/s/ Kenneth Abramowitz
Mr. Kenneth Abramowitz

Mr. Nadav Kidron

IN WITNESS HEREOF, the undersigned directors of the Company have executed the above resolutions.

/s/ Zeev Bronfeld
Mr. Zeev Bronfeld

Mr. Yonatan Malca

/s/ Phillip Schwartz
Mr. Phillip Schwartz

Mr. Kenneth Abramowitz

/s/ Nadav Kidron
Mr. Nadav Kidron

Exhibit A

Report to the Rasham

Exhibit B

Employee Share Incentive Plan

Exhibit 10.5

EXECUTION VERSION

SERIES A PREFERRED SHARE PURCHASE AGREEMENT

THIS SERIES A PREFERRED SHARE PURCHASE AGREEMENT (the "**Agreement**") is made as of the 29th day of January 2014 (the "**Effective Date**"), by and between Entera Bio Ltd., an Israeli company (the "**Company**") and Centillion Fund (the "**Investor**").

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that it is in the best interest of the Company to raise capital from the Investor (the "**Financing**") by means of issuance of such number of Series A Preferred Shares of the Company, with par value of NIS 0.01 per share (the "**Preferred Shares**"), at a price per shares of US$479.37617 (the "**Price Per Share**"), for an aggregate purchase price of up to $5,000,000 (the "**Purchase Price**"), constituting, immediately following the investment in the Company of the Initial Investment Amount and the entire Milestone Investment Amount (as such terms are defined below), 18.18% of the Company's issued and outstanding shares on a Fully Diluted Basis (as defined below) (but excluding the Warrants to be issued pursuant to this Agreement) and reflecting a pre-money valuation of the Company of twenty-two million and five hundred thousand United States dollars (US$22,500,000) on a Fully Diluted Basis;

WHEREAS, the Board has determined that in order to induce the Investor to enter into this Agreement, it is in the best interest of the Company to issue to the Investor Warrants, each in substantially the form attached hereto as Exhibit A (the "**Warrants**"), representing the right to acquire Preferred Shares of the Company (as exercised, collectively, the "**Warrant Shares**"); and

WHEREAS, the Investor desires to invest in the Company pursuant to the terms and conditions more fully set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties hereby agree as follows.

1. **Purchase and Sale of Shares**

1.1. Issue and Purchase of the Shares at the Initial Closing. Subject to the terms and conditions hereof, including without limitations Sections 5 and 6 below, the Company shall issue and sell to the Investor, and the Investor shall purchase from the Company, at the Initial Closing (as defined below) for an aggregate purchase price of two million United States dollars (US$2,000,000) (the "**Initial Investment Amount**"), an aggregate amount of 4,172 Preferred Shares, at a purchase price per each share of the Price Per Share (the "**Initial Closing Shares**").

1.2. Issue and Purchase of the Milestone Shares at the Milestone Closings

(a) Subject to the successful achievement of a Milestone Event (as defined below) no later than the applicable due time and subject to the terms and conditions set forth hereof, including without limitations this Section 1.2 and Sections 7 and 8, at each Milestone Closing (as defined below), which shall occur after the Initial Closing, the Company shall issue and sell to the Investor and the Investor shall purchase from the Company, for an aggregate purchase price of

up to three million United States dollars (US$3,000,000) (the "**Milestone Investment Amount**") (such investment amount to reflect the entire sum to be invested in all of the Milestone Closings together), an aggregate amount of up to 6,258 additional Preferred Shares (the "**Milestone Shares**") (such number of shares to reflect the aggregate number of shares to be issued in all of the Milestone Closings together), at a purchase price per each share of the Price Per Share, *provided* that at each Milestone Closing the Investor shall invest the amount in consideration for such Milestone Shares as indicated in Schedule 1.2(a), and *provided further* that the Investor shall have a right to invest, in its sole and absolute discretion, any portion of the Milestone Investment Amount prior to the occurrence of the respective Milestone Event against issuance of the respective portion of the Milestone Shares to the Investor by delivering a written notice to the Company (the "**Acceleration Notice**"). For the purposes hereof the term "**Milestone Event**" shall mean each of the events specified in Schedule 1.2(a) attached hereto.

(b) Upon the completion of each Milestone Event, the Company shall deliver to the Investor a written notice of the completion of such Milestone Event (each, a "**Completion Notice**").

(c) In the event that a Milestone Event is completed in accordance with the terms and subject to the conditions of Section 1.2(b), a milestone closing shall occur upon the earlier of: (i) in connection with the achievement of a Milestone Event – two (2) business days following the receipt by the Investor of the Completion Notice; or (ii) in the event that that the Investor delivered an Acceleration Notice (if the Milestone Event(s) have not occurred by then) – seven (7) business days after the date of the Acceleration Notice (each, a "**Milestone Closing**", and collectively, the "**Milestone Closings**"). Each of the Initial Closing and each of the Milestone Closings shall be hereinafter referred to as a "**Closing**".

1.3. The Preferred Shares to be issued to the Investor pursuant to this Agreement (including the Initial Closing Shares and any Milestone Shares) shall be referred to in this Agreement as the "**Shares**". For the purpose of this Agreement, "**Fully Diluted Basis**" shall mean all issued and outstanding shares of the Company, with all securities convertible into shares of the Company deemed so converted; all outstanding loans, options, warrants and other rights to acquire shares or that are exchangeable for shares deemed converted or exercised; all options reserved for employees, directors and consultants deemed granted and exercised, including the Pool (as defined below); and after giving effect to all anti-dilution rights and adjustments that may be activated as a result of the transactions contemplated or referred to herein, all as set forth in the capitalization table of the Company reflecting the issued and outstanding share capital of the Company on a Fully Diluted Basis and as converted basis, both immediately prior and immediately following the Initial Closing and Milestone Closings, should they occur, and attached hereto as Schedule 1.3 (the "**Capitalization Table**").

1.4. Warrants. Subject to the terms and conditions hereof, on each Closing Date, the Company shall issue to the Investor a Warrant to acquire up to that number of Warrant Shares equal to the quotient determined by dividing (x) twenty five percent (25%) of the actual investment made by the Investor pursuant to this Agreement at such Closing by (y) the Price Per Share. The Company shall have secured all permits, consents and authorizations that shall be necessary or required lawfully to consummate each such Warrant and the issuance of the Warrant Shares.

2. **Closing of Issuance and Purchase**

2.1. Initial Closing. The issuance and sale of the Initial Closing Shares, the purchase thereof by the Investor, and the registration of the Initial Closing Shares in the name of the Investor in the shareholder registry of the Company (the "**Initial Closing**") shall take place at the offices of Herzog Fox & Neeman, 4 Weizmann Street, Tel Aviv, concurrently with the signing of this Agreement (the "**Initial Closing Date**") or at such date, time and place as the Company and the Investor shall mutually agree.

2.2. Milestone Closings. The issuance and sale of the applicable portion of Milestone Shares, the purchase thereof by the Investor, and the registration thereof in the name of the Investor in the shareholder registry of the Company, shall take place at each of the Milestone Closings as set forth in Section 1.2(c) above at the offices of Herzog Fox & Neeman, 4 Weizmann Street, Tel Aviv, at such date or at any other place as the Company and the Investor shall mutually agree.

2.3. Transactions at the Initial Closing. At the Initial Closing, the following transactions shall occur, which transactions shall be deemed to take place simultaneously and no transaction shall be deemed to have been completed or any document delivered until all such transactions have been completed and all required documents delivered:

2.3.1. The Company shall issue the Initial Closing Shares to the Investor, as provided in Section 1.1 hereof.

2.3.2. The Company shall deliver to the Investor the following documents or cause the following actions to be completed:

2.3.2.1. True and correct copies of resolutions of the Company's shareholders, in the form attached hereto as Schedule 2.3.2.1(A), by which, among other things, (i) the share capital of the Company shall have been reclassified and modified to create the new series of Preferred Shares and the Articles of Association of the Company have been replaced with the Amended and Restated Articles of Association attached hereto as Schedule 2.3.2.1(B) (the "**Amended Articles**"), (ii) the shareholders of the Company shall have waived any preemptive, anti-dilution rights or similar rights in connection with the issuance of the Shares, Warrant and Warrant Shares, (iii) this Agreement, the Investors' Rights Agreement (as defined below) and all other Transaction Documents (as defined below), and the issuance of the Shares, the Warrants and Warrant Shares to the Investor shall have been approved, (iv) immediately prior to the Initial Closing an amount of 7,754 of the Company's Ordinary Shares, each having a nominal value of NIS 0.01 ("**Ordinary Shares**") shall have been reserved for issuance upon the exercise of options to purchase Ordinary Shares granted or to be granted to employees, directors and consultants of the Company under the Company's employee stock ownership plan ("**ESOP**") or other similar arrangements (the "**Pool**") of which (a) 5,355 Ordinary Shares have been promised or otherwise allocated; and (b) 2,399 Ordinary Shares, which shall constitute, assuming the investment in the Company of the Initial Investment Amount and the entire Milestone Investment Amount, four percent (4%) of the Company's outstanding share capital on a Fully Diluted Basis, shall be free for future issuance of Ordinary Shares to employees, directors and consultants of the Company (the "**Un-Allocated Pool**"), (v) the Indemnification Agreements (as

defined below) to be entered with each member of the Board of Directors shall have been approved, and (vi) the shareholders of the Company shall have agreed to a market stand-off period of not less than one hundred eighty (180) days following the Company's initial public offering pursuant to a registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (an "**IPO**");

2.3.2.2. True and correct copies of resolutions of the Board, in the form attached hereto as Schedule 2.3.2.2, by which the Company's Board (i) approves the issuance and the sale of the Shares, Warrant and Warrant Shares to the Investor and reserving a sufficient number of Ordinary Shares to be issued upon conversion of the Shares and Warrant Shares, (ii) recommends to the Company's shareholders to adopt the Amended Articles, (iii) approves this Agreement, the Investors' Rights Agreement and all other Transaction Documents, (iv) approves the reservation of the Pool, and (v) approves the entry into the Indemnification Agreements to be entered into by the Company with each member of the Board of Directors;

2.3.2.3. A validly executed share certificate representing the Initial Closing Shares, issued in the name of the Investor, in the form attached hereto as Schedules 2.3.2.3;

2.3.2.4. An opinion of counsel to the Company dated as of the Initial Closing Date, in the form attached hereto as Schedule 2.3.2.4;

2.3.2.5. Director indemnification agreements with all of the Company's directors (including the Preferred A Director as such term is defined in the Amended Articles) duly executed and approved by the Company, in the form attached hereto as Schedule 2.3.2.5, and dated as of the Initial Closing (the "**Indemnification Agreement**");

2.3.2.6. A certificate duly executed by the chief executive officer of the Company, dated as of the Initial Closing Date, in the form attached hereto as Schedule 2.3.2.6;

2.3.2.7. The Company shall register the allotment of the Initial Closing Shares to the Investor in the Shareholders Register of the Company, which shall be in the form attached hereto as Schedule 2.3.2.7; and

2.3.2.8. The Company shall register the appointment of the Preferred A Director in the Directors Register of the Company, which shall be in the form attached hereto as Schedule 2.3.2.8.

2.3.2.9. The Company shall deliver to the Investor a Warrant to acquire up to that number of Warrant Shares equals to the quotient determined by dividing (x) twenty five percent (25%) of the Initial Investment Amount by (y) the Price Per Share.

2.3.3. The Investor shall cause the transfer to the Company of the Initial Investment Amount in consideration of the Initial Closing Shares, by wire transfer to the Company's account as set forth in Schedule 2.3.3 hereof.

2.3.4. The Company and the Investor shall execute and deliver the Investors' Rights Agreement in the form attached hereto as Schedule 2.3.4 (the "**Investors' Rights Agreement**").

2.3.5. Within seven (7) days following the Initial Closing, the Company shall deliver to the Israeli Registrar of Companies the applicable reports with respect to the issuance and sale of the Initial Closing Shares, the reclassification of the Company's share capital and creation of a new class of Preferred Shares and the appointment of the new members to the Board and the adoption of the Amended Articles.

2.4. Transactions at the Milestone Closings. At each Milestone Closing, the following transactions shall occur, which transactions shall be deemed to take place simultaneously, and no transaction shall be deemed to have been completed or any document delivered until all such transactions have been completed and all required documents delivered:

2.4.1. The Company shall issue such portion of the Milestone Shares to the Investor applicable to such Milestone Event as provided for in Section 1.2 hereof;

2.4.2. The Company shall deliver a validly executed share certificate issued in the name of the Investor representing such portion of the issued Milestone Shares;

2.4.3. The Company shall register the allotment of such portion of the Milestone Shares to the Investor in the Shareholders Register of the Company;

2.4.4. The Company shall deliver to the Investor a Warrant to acquire up to that number of Warrant Shares equals to the quotient determined by dividing (x) twenty five percent (25%) of the portion of the applicable Milestone Investment Amount by (y) the Price Per Share.

2.4.5. A certificate duly executed by the chief executive officer of the Company, dated as of the applicable Milestone Closing Date, in the form attached hereto as Schedule 2.4.5;

2.4.6. The Investor shall cause the transfer to the Company of such portion of the Milestone Investment Amount as set forth opposite to the applicable Milestone Event in Schedule 1.2(a), by wire transfer to the Company's account as set forth in Schedule 2.3.3 hereof; and

2.4.7. Promptly following each Milestone Closing, the Company shall deliver to the Israeli Registrar of Companies the applicable reports with respect to the issuance and sale of the applicable Milestone Shares.

3. **Representations and Warranties of the Company**

The Company hereby represents and warrants to the Investor, that the following is true and correct as of the date hereof, except as set forth in the Schedule of Exceptions (the "**Schedule of Exceptions**") attached hereto as Schedule 3 and furnished to the Investor and counsel to the Investor, specifically identifying the relevant subparagraph hereof, which exceptions shall be deemed to be representations and warranties as if made hereunder (it is being understood that the disclosures in any section or subsections of the Schedule of Exceptions shall be deemed to be

disclosed with respect to any other section of the Schedule of Exceptions to the extent that it is readily apparent on the face of such disclosures that such disclosure is applicable or relevant to such other sections or subsections), and acknowledges that the Investor is entering into this Agreement in reliance thereon, as follows.

3.1. 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. The Company has all requisite power and authority to execute and deliver the Transaction Documents and to consummate the transactions contemplated hereby and thereby. Neither the nature of the Company's business as now conducted and currently proposed to be conducted nor its current ownership or leasing of property require that the Company be qualified to do business in any jurisdiction other than the State of Israel, except where the failure to so qualify or be in good standing would not be reasonable expected to have a Material Adverse Effect (as defined below). The Articles of Association of the Company as in effect immediately prior to the Initial Closing (until the adoption of the Amended Articles) are attached hereto as Schedule 3.1. The Company has not taken any action or, to the Company's knowledge, failed to take any action, which action or failure would preclude or prevent the Company from conducting its business, in all material respect, after the Closing in the manner heretofore conducted.

3.2. Share Capital. The authorized share capital of the Company as of immediately prior to the Initial Closing consists of NIS 10,250 divided into:

3.2.1. (A) 1,000,000 Ordinary Shares, of which (i) 34,396 Ordinary Shares are issued and outstanding immediately prior to the Initial Closing; (ii) 7,754 Ordinary Shares are reserved as part of the Pool, of which options to purchase 5,355 shares have been promised and 2,399 Ordinary Shares remain available for issuance of options to the Company's employees, directors and consultants; (iii) 4,786 Ordinary Shares are reserved for issuance upon conversion of convertible loans under convertible loan agreements to which the Company is a party; (iv) 10,430 Ordinary Shares are reserved for issuance upon conversion of the Shares; and (v) 2,608 Ordinary Shares are reserved for issuance upon conversion of the Warrant Shares; and (B) 25,000 Preferred Shares, none of which are issued and outstanding immediately prior to the Initial Closing.

3.2.2. Except for the transactions contemplated by this Agreement, and except as set forth in Section 3.2.2 of the Schedule of Exceptions hereto, there are no other shares, preemptive rights, convertible securities, convertible loans, outstanding warrants, options or other rights to subscribe for, purchase or acquire from the Company and/or, to the Company's knowledge, from any shareholder of the Company any share capital of the Company and there are no contracts or commitments, written or oral, providing for the issuance of, or the granting of, any rights to acquire, any share capital of the Company or under which the Company and/or, to the Company's knowledge, any shareholder of the Company is, or may become, obligated to issue any debt or equity securities and there are no commitments, promises, understandings or undertakings with respect to grants of any options under the Pool or otherwise.

3.2.3. All issued and outstanding share capital of the Company has been duly authorized, and is validly issued and outstanding and fully paid and non-assessable. The Shares and Warrant Shares, when issued, sold and delivered in accordance with this Agreement, will be duly authorized, validly issued, fully paid, non-assessable, free of any preemptive rights, will have the rights, preferences, privileges, and restrictions set forth in the Amended Articles and Transaction Documents, and except as set forth on Section 3.2.3 of the Schedule of Exceptions hereto will be free and clear of any liens, claims, encumbrances or third party rights of any kind (other than as set forth in the Amended Articles and Transaction Documents) and duly registered in the name of the Investor in the Company's register of shareholders, and (assuming the representations and warranties of the Investor set forth in Section 4 of this Agreement are true and correct) will be offered, sold and issued in compliance with all applicable securities laws. The Ordinary Shares issuable upon the exercise of the Warrant have been duly authorized and reserved for issuance by all necessary corporate action and, upon issuance in accordance with the terms of the Amended Articles and Transaction Documents, shall be duly and validly issued, fully paid, non-assessable, free of any preemptive rights, will have the rights, preferences, privileges and restrictions set forth in the Amended Articles, will be free and clear of any liens, claims, encumbrances or third party rights of any kind (other than as set forth in the Amended Articles and Transaction Documents) and (assuming the representations and warranties of the Investor set forth in Section 4 of this Agreement are true and correct) will be issued in compliance with all applicable securities laws. Except as set forth in this Agreement and the Investor's Rights Agreement and Section 3.2.3 of the Schedule of Exceptions hereto, the Company is not under any obligation to register for trading on any securities exchange any of its currently outstanding securities or any of its securities which may hereafter be issued. Since its incorporation, there has been no declaration or payment by the Company of dividends, or any distribution by the Company of any assets of any kind to any of its shareholders in redemption of or as the purchase price for any of the Company's securities. The Company has obtained valid waivers of any rights by other parties to purchase any of the Shares, Warrant and Warrant Shares covered by this Agreement.

3.2.4. The Company option plan that is intended to qualify as a capital gains route plan under Section 102 of the Israeli Income Tax Ordinance [New Version] 5721-1961, and the rules and regulations promulgated thereunder (a "**102 Plan**" and the "**Ordinance**", respectively) has received a favorable determination or approval letter from, or is otherwise approved by, or deemed approved by passage of time without objection by, the Israel Tax Authority ("**ITA**"). All options to purchase the Company's share capital which are subject to tax under Section 102 of the Ordinance and which were issued under any 102 Plan have been granted and issued, as applicable, in compliance with the applicable requirements of Section 102 of Ordinance (including the relevant sub-section of Section 102) and the written requirements and guidance of the ITA, including, without limitation, the filing of the necessary documents with the ITA, the appointment of an authorized trustee to hold the Company Options, and the due deposit of such Company Options with such trustee pursuant to the terms of Section 102 of the Ordinance and the guidance published by the ITA on July 24, 2012 and clarification dated November 6, 2012.

3.3. Ownership of Shares. Section 3.3 of the Schedule of Exceptions sets forth the capitalization of the Company immediately prior to and following the Initial Closing including the number of shares of the following: (i) issued and outstanding Ordinary Shares; (ii) granted

share options, including vesting schedule, acceleration provisions and exercise price; (iii) Ordinary Shares reserved for future award grants under the ESOP; (iv) each series of the Company's Preferred Shares; and (v) warrants or rights to purchase from the Company shares of the Company, if any. Except as set forth in Schedule 3.3 of the Schedule of Exceptions, the individuals identified on Section 3.3 of the Schedule of Exceptions as the shareholders, optionholders or warrantholders of the Company are the lawful owners, and to the Company's knowledge, beneficially and of record, of all of the issued and outstanding shares of the Company and of all rights thereto, and except as set forth in the Amended Articles, the Transaction Documents and Section 3.3 of the Schedule of Exceptions, the Company is not aware of the existence of any liens, claims, charges, encumbrances, restrictions, rights, options to purchase, proxies, voting trust and other voting agreements, calls or commitments of every kind, and none of the said individuals owns any other shares, options or other rights to subscribe for, purchase or acquire any share capital of the Company from the Company or to the Company's knowledge, from each other. All outstanding shares of the Company and all Ordinary Shares of the Company underlying outstanding options are subject to (or shall be immediately following the Initial Closing) (i) a right of first refusal in favor of either the Company or other shareholders of the Company upon any proposed transfer (other than transfers for estate planning purposes) and (ii) a lock-up or market standoff agreement of not less than one hundred eighty (180) days following the Company's initial public offering pursuant to a registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (an "**IPO**").

3.4. Subsidiaries. The Company does not own, directly or indirectly, any share capital of any corporation, association or business entity and is not a participant in any partnership, joint venture or other business association.

3.5. Directors and Officers. The directors and officers of the Company are set forth in Section 3.5 of the Schedule of Exceptions. Except for the transactions contemplated in the Transaction Documents, the Amended Articles and as set forth in Section 3.5 of the Schedule of Exceptions hereto, the Company does not have any agreement, obligation or commitment with respect to the election of any individual or individuals to its Board, or to appoint anyone as an officer and there is no voting agreement or other arrangement among the Company's shareholders. All agreements, commitments and understandings, whether written or oral, with respect to any compensation to be provided to any directors or officers in addition to that set forth in their respective employment agreement or consulting agreement, as applicable, have been fully disclosed in writing to the Investor.

3.6. Financial Statements. The Company has furnished the Investor with its audited, New Israeli Shekel ("**NIS**")-denominated financial statements as of and for the year ending December 31, 2012, and unaudited, reviewed NIS -denominated financial statements as of and for the period ended September 30, 2013 (the "**Financial Statements**"). The Financial Statements are true and correct in all material respects, were prepared from and are in accordance with the books and records of the Company and have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") consistently applied, and fairly and accurately present in all material respects the financial position of the Company as of such dates and the results of its operations for the periods then ended. Other than as set forth in Section 3.6 of the Schedule of Exceptions, the Company has no material liabilities, debts or obligations of any nature, direct or

indirect, whether accrued, absolute or contingent other than liabilities reflected or reserved against in the Financial Statements. Except as set forth in Section 3.6 of the Schedule of Exceptions, since September 30, 2013, there has not been:

3.6.1. any material adverse change in the assets (including intangible assets), liabilities, financial condition, operating results, or business of the Company from that reflected in the Financial Statements;

3.6.2. any damage, destruction or loss, whether or not covered by insurance, to any material asset or which would have a Material Adverse Effect;

3.6.3. any waiver by the Company of a valuable right or of a material debt owed to it;

3.6.4. any satisfaction or discharge of any material lien, material claim or material encumbrance or payment of any material obligation by the Company, except in the ordinary course of business and that is not individually or in the aggregate adverse to the assets, properties, financial condition, operating results or business of the Company;

3.6.5. any material change in any compensation arrangement or agreement with any employee of the Company;

3.6.6. any loans or advances made by the Company to its employees, officers, or directors or obligations to make such loans or advances, other than advances made in the ordinary course of business in an amount not exceeding $5,000 in the individual and $10,000 in the aggregate;

3.6.7. any sale, transfer or lease of, except in the ordinary course of business, or mortgage or pledge of imposition of lien on, any of the Company's assets;

3.6.8. any change in the accounting methods or accounting principles or practices employed by the Company;

3.6.9. any material change to a material contract or agreement by which the Company is subject or by which any of their respective assets are bound;

3.6.10. any sale, assignment, lease, license or transfer of any Company's Intellectual Property, other than transactions in the Company's ordinary course of business and none of which involves the grant of an exclusive license to the Company's Intellectual Property in any jurisdiction or market;

3.6.11. any cash utilization by the Company other than in the ordinary and usual conduct of its business;

3.6.12. any arrangement or commitment by the Company to do any of the things described in clauses 3.6.3 through 3.6.11 above; or

3.6.13. any other event, condition or occurrence of any character, which could reasonably be expected to result in a Material Adverse Effect.

3.7. Authorization; Approvals. All corporate action on the part of the Company necessary for the authorization, execution, delivery, and performance of all of the Company's obligations under this Agreement, the Investor's Rights Agreement, the Warrant and any and all other agreements executed or documents delivered in connection herewith or therewith (collectively, the "**Transaction Documents**"), and for the authorization, issuance, and sale of the Shares being sold under this Agreement and of the Warrant Shares issuable upon the exercise of the Warrant has been (or will be) taken prior to the Initial Closing. The Transaction Documents, when executed and delivered by or on behalf of the Company shall constitute the valid and legally binding obligations of the Company and legally enforceable against the Company in accordance with their respective terms. No consent, approval, order, license, permit, action by, or authorization of or designation, declaration, or filing with any governmental authority or any third party on the part of the Company is required that has not been, or will not have been, obtained by the Company prior to the Initial Closing in connection with the valid execution, delivery and performance of the Transaction Documents or the offer, sale, or issuance of the Shares and Warrant Shares other than filings with the OCS (as such term is defined below, and filings with the Israeli Registrar of Companies to be effected following the Initial Closing.

3.8. Compliance with Other Instruments. The Company is not in default under (i) its Articles or (ii) under any note, indenture, mortgage, lease, agreement, contract, purchase order or other instrument, document or agreement to which the Company is a party or by which it or any of its property is bound or affected or (iii) any applicable federal, state, local or foreign law (including common law), statute, code, ordinance, rule, regulation or other legal requirement law (a "**Law**") or order, writ, injunction, decree, or judgment of any court or any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign (an "**Order**"), which default under sub-sections (ii) and (iii) would reasonably be expected to result in a material adverse effect on the assets (tangible or intangible), condition (financial or otherwise), liabilities, properties, results of operations or business of the Company as currently conducted or currently proposed to be conducted, (a "**Material Adverse Effect**"). The Company is not aware of any default of any third party under any material agreement, contract, document or other instrument to which the Company is a party or by which it or any of its property is affected. The Company is not a party to or, to its knowledge, bound by any order, judgment, decree or award of any governmental authority, agency, court, tribunal or arbitrator.

3.9. No Breach. Neither the execution and delivery of any of the Transaction Documents nor compliance by the Company with the terms and provisions thereof, will conflict with, or result in a breach or violation of, any of the terms, conditions and provisions of: (i) the Company's Articles of Association or other governing instruments of the Company, (ii) any judgment, order, injunction, decree, or ruling of any court or governmental authority, domestic or foreign, (iii) any agreement, contract, lease, license or commitment to which the Company is a party or to which it is subject, or (iv) applicable law. Such execution, delivery and compliance will not (a) give to others any rights, including rights of termination, cancellation or acceleration, in or with respect to any agreement, contract, lease, license or commitment referred to in this Section 3.9, or to any of the properties of the Company or (b) otherwise require the consent or

approval of any person, which consent or approval has not heretofore been obtained or shall be obtained by the Initial Closing.

3.10. Records. The minute books of the Company, which have been provided to the Investor, contain accurate and complete copies of the minutes of every meeting of the Company's shareholders and Board (and any committee thereof). No resolutions have been passed, enacted, consented to or adopted by the directors (or any committee thereof) or shareholders of the Company, except for those contained in such minute books. The corporate records of the Company have been maintained in accordance with all applicable statutory requirements, in all material respects, and are complete and accurate in all respects.

3.11. Ownership of Assets; No Indebtedness. Except as set forth in Section 3.11 of the Schedule of Exceptions hereto, the Company does not lease or license any property. All property owned by the Company is so owned free and clear of all mortgages, pledges, liens, licenses, leases security interests, encumbrances or charges in amounts equal to or greater than $1,000 other than those identified on Section 3.11 of the Schedule of Exceptions. Except as set forth in Section 3.11 of the Schedule of Exceptions hereto, the Company has no outstanding debt for borrowed money and have not assumed, guaranteed, endorsed or otherwise become directly or contingently liable on any indebtedness of any other person (including, without limitation, liability by way of agreement, contingent or otherwise, to purchase, to provide funds for payment, to supply funds to or otherwise invest in the debtor, or otherwise to assure the creditor against loss).

3.12. Intellectual Property Rights

3.12.1. Except as set forth in Section 3.12.1 of the Schedule of Exceptions hereto, to the best of the Company's knowledge the Company owns or possesses or otherwise has the legally enforceable right to use all Intellectual Property Rights necessary or required for the conduct of its business as currently conducted. Each patent, patent application, copyright registration or application therefor, mask work registration or application therefor, and trademark, service mark and domain name registration or application therefor of the Company are listed in Section 3.12.1 of the Schedule of Exceptions hereto. The Company has complied, in all material respects with the requirements of, and has filed all material documentation required in dealing with, all Patent and Trademark Offices and any other patent registry agency in which its patent applications were filed, and, to the best knowledge of the Company, all patents (if any) and patent applications are in effect, and to the best knowledge of the Company, there is no prior art or any other claim which renders the inventions of the Company referred to in the patents, patent applications and related documentation (if any) invalid in any manner. Section 3.12.1 of the Schedule of Exceptions identifies each license or other agreement pursuant to which the Company has licensed, distributed or otherwise granted any rights to any third party with respect to, any Intellectual Property Rights of the Company. As used in this Agreement, "**Intellectual Property Rights**" means all rights and interests of any kind in and to Intellectual Property; "**Intellectual Property**" means any of the following: (i) patents, patent applications, patent disclosures and all related continuation, continuation-in-part, divisional, reissue, re-examination, utility, model, certificate of invention and design patents, patent applications, registrations and applications for registrations, (ii) trademarks, service marks, trade dress, logos, tradenames, service names and corporate names and registrations and applications for registration thereof, (iii)

copyrights and registrations and applications for registration thereof, (iv) mask works and registrations and applications for registration thereof, (v) trade secrets and confidential business information, whether patentable or nonpatentable and whether or not reduced to practice, knowhow, technology manufacturing and product processes and techniques, research and development information, copyrightable works, (vi) other proprietary rights relating to any of the foregoing, and (vii) copies and tangible embodiments thereof.

3.12.2. Except as set forth in Section 3.12.2 of the Schedule of Exceptions hereto, the Intellectual Property owned by the Company, together with any Intellectual Property used by Company, has been developed solely by the Company, its employees or consultants or, in the case of a third party licensing entity, to the Company's knowledge the Intellectual Property has been developed solely by the employees or consultants of the licensing entity providing the Company with the applicable license.

3.12.3. Except as set forth in Section 3.12.3 of the Schedule of Exceptions hereto, the Intellectual Property owned by the Company, together with the Intellectual Property licensed to Company under any license, includes all the Intellectual Property and Intellectual Property Rights required, used in, or held for use in, or reasonably deemed necessary for the conduct of the company's business as presently conducted, including Intellectual Property necessary for the development, distribution, marketing, manufacture, use, import, license and sale of any company products or technology.

3.12.4. Except as set forth in Section 3.12.4 of the Schedule of Exceptions hereto, there are no outstanding options, licenses, or agreements of any kind relating to the Intellectual Property of any other person or entity, except, in either case, for standard commercially available off-the-shelf licenses, nor is the Company bound by or to any party to any options, licenses or agreements of any kind with respect to such Intellectual Property.

3.12.5. Any and all Intellectual Property Rights, necessary for the Company's business as currently conducted or currently proposed to be conducted, which has been developed or is currently being developed by any person which the Company currently employs or retains or intends to employ or retain as an employee, service provider or a consultant of the Company in his/her/its capacity as such, is and shall be the property solely of the Company. The Company has taken security measures to protect the secrecy, confidentiality and value of all the Intellectual Property Rights, which measures are reasonable and customary in the industry in which the Company operates. Except as set forth in Section 3.12.5 of the Schedule of Exceptions hereto, the Company's current and former employees, consultants, independent contractors, directors and any other third party engaged by the Company (excluding any such third party otherwise bound by a duty of confidentiality by law or applicable standards of professional conduct) 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, have entered into written agreements with the Company, assigning to and acknowledging sole ownership of the Company with respect to all rights in Intellectual Property developed in the course of their employment or engagement by the Company and, except as set forth in Section 3.12.5 of the Schedule of Exceptions hereto all the Company's current and former employees, consultants, independent contractors, directors and any other third party engaged by the Company (excluding any such third party otherwise bound

by a duty of confidentiality by law or applicable standards of professional conduct) have entered into appropriate confidentiality and non-compete written agreement with the Company. True and correct copies of all such proprietary information and non-competition agreements have been provided to the Investor or their counsels. All such persons have explicitly waived any and all moral rights, as applicable, with respect to Intellectual Property purportedly owned by the Company. All amounts payable by the Company to all such persons have been paid in full, and all current and former employees of the Company have irrevocably waived the right to receive compensation in connection with "Service Inventions" under Section 134 of the Israeli Patent Law 1967 or any other similar provision under any law of any applicable jurisdiction. The Company has taken and will continue through the Closing to take commercially reasonable steps necessary, appropriate or desirable to safeguard and maintain the secrecy and confidentiality of, and its proprietary rights in, all of its confidential information and trade secrets. The Company has not, and to the Company's knowledge, each of its current and former officers, employees, consultants and independent contractors have not, disclosed to any third party who is not under a duty of confidentiality or who is not entitled to receive such information or materials any confidential information or trade secret of Company or any confidential information or trade secret of any third party that has been disclosed to Company pursuant to a nondisclosure obligation.

3.12.6. To the best knowledge of the Company (provided that the knowledge qualifier shall not apply with respect to subsection (ii)), the Company and the operation of the business of the Company, including the development, manufacture, use, license, and distribution of Company products does not (and did not at any time): (i) infringe or misappropriate the Intellectual Property Rights of any person or entity; (ii) violate any term or provision of any license or other agreement concerning the Intellectual Property Rights of the licensor under such license or agreement; (iii) violate any right of any person or entity (including any right to privacy or publicity); or (iv) constitute unfair trade practice under any law.

3.12.7. The Company has not received from any person or entity any (i) notice claiming that such operation or any Company product infringes or misappropriates the Intellectual Property Rights of any third party or constitutes unfair competition or trade practices under any law or (ii) notice of third-party patent rights or other Intellectual Property Rights from a putative or potential licensor of such rights.

3.12.8. To the Company's knowledge, no person has infringed, misappropriated or otherwise violated any of the patents, trademarks, service marks, trade names, copyrights or trade secrets or other proprietary rights or Intellectual Property Rights of the Company. The Company is not aware that any person who the Company currently hires as an employee or retains as a consultant is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of such person's best efforts to promote the interests of the Company or that would conflict with the Company's business as conducted and as currently proposed to be conducted. To the Company's knowledge none of the execution or delivery of the Agreement or any of the Transaction Documents, the carrying on of the Company's business or the conduct of the Company's business as currently proposed to be conducted, will conflict with or result in a breach of the terms, conditions or provisions of, or

constitute a default under, any contract, covenant or instrument under which any of the Company's employees, Service providers or consultants are now obligated.

3.12.9. To the best knowledge of the Company, it is not or will not become, necessary to utilize any Intellectual Property Rights and inventions of any of its employees or consultants made prior to their engagement by the Company other than those that have been rightfully assigned to the Company pursuant to an Intellectual Property assignment agreement signed by the Company and such employees and consultants, and no third party has any rights in such Intellectual Property Rights or Invention that were assigned to the Company. To the Company's knowledge, except as set forth in Section 3.12.9 of the Schedule of Exceptions hereto no current or former employee, consultant or independent contractor of the Company (including any employees and consultants thereof), who was involved in, or who contributed to the creation or development of any Intellectual Property Rights of the Company (i) has performed services for or otherwise was under restrictions resulting from his relations with any government, university, college or other educational institution or research center during the time such employee, consultant or independent contractor was so involved in, or contributed to the creation or development of any Intellectual Property Rights of the Company; or (ii) (A) in case of any current or former employee, was subject to any employment agreement or invention assignment, or other similar engagement obligation with any third party, during a period of time during which such employee created any Intellectual Property Rights of the Company or during such time that such employee was also performing services for or for the benefit of the Company, and (B) in case of any consultant or independent contractor of the Company (including any employees and consultants thereof) was subject to any employment agreement or invention assignment, or other similar engagement obligation with any third party, during a period of time during which such consultant created any Intellectual Property Rights of the Company or during such time that such consultant or independent contractor was also performing services for or for the benefit of the Company, in a manner which might derogate from the Company's ownership of the Intellectual Property Rights of the Company.

3.12.10. Except as set forth in Section 3.12.10 of the Schedule of Exceptions hereto, the Company is not obligated or under any liability whatsoever to make any payments by way of royalties, fees or otherwise to any owner or licensee of, or other claimant to, any patent, trademark, service mark, trade name, copyright or other intangible asset, with respect to the use thereof or in connection with the conduct of its business as now conducted.

3.12.11. Except as set forth in Section 3.12.11 of the Schedule of Exceptions, no funding from any Governmental Entity (as defined below), nor any facilities or resources of a university, college, other educational institution or research center or funding from third parties was used in the development of the Company's Intellectual Property, and the Company has not received written notice or otherwise has knowledge that a Governmental Entity, university, college, other educational institution or research center, or other third party has any claim or right in or to the Company's Intellectual Property.

3.13. Taxes. The Company has paid, or has made adequate provisions for the payment of all taxes, interest, penalties, assessments or deficiencies owing by it to any taxing authority. The Company has duly filed all required declarations, returns, reports and filings with respect to all taxes, including, but not limited to, all withholding taxes, corporate, business, profit, excise, sales,

use, value added, real, personal taxes and social charges, unemployment and retirement contributions, duties, imposts and other governmental charges. All such tax returns and reports are correct and accurate in all material respects and are not the subject of any dispute with the tax authorities. The Company is not in default with respect to such returns and reports or is delinquent in the payment of any such taxes. Without derogating from the above to date, the tax authorities have not carried out an audit of the Company's tax returns. The Company has not made any elections under applicable laws or regulations (other than elections that related solely to methods of accounting, depreciation or amortization) that would have a material adverse effect on the Company's financial condition, business, properties or assets.

3.14. Contracts. Section 3.14 of the Schedule of Exceptions hereto contains a true and complete list of all material licenses, commitments or undertakings, written or oral, that will be in effect after the Closing to which the Company is a party or by which its property is bound (each, a "**Material Contract**"), including:

3.14.1. all indentures, leases, subleases, licenses or other instruments under which the Company leases property, real or personal under which the Company is obligated to pay an annual rent of $17,500 or more;

3.14.2. any oral or written contract, obligation, instrument, corporate restriction or commitment which involves a potential obligation or liability in excess of $17,500 or which is otherwise material and not entered into in the ordinary course of business;

3.14.3. any agreement which prohibits or substantially restricts the Company from freely engaging in any business in any part of the world;

3.14.4. any agreement that obligates the Company to share, license or develop any product or technology;

3.14.5. any collective bargaining agreement, employment agreement, consulting agreement, non-competition agreement, nondisclosure agreement, inventions assignment agreement, excluding all such agreements entered into in the ordinary course of business (but, in regards to all non-competition and invention assignment agreements, not excluding all such agreements that impose non-competition and/or invention assignment obligations on the Company), executive compensation plan, profit sharing plan, bonus plan, restricted stock award agreement, deferred compensation agreement, employee pension retirement plan, employee benefit stock option, stock awards or stock purchase plan, buy-sell agreement and any other employee or stockholder agreement or employee benefit plan, entered into or adopted by the Company;

3.14.6. all bank accounts (or accounts with other financial institutions) maintained by the Company, together with the persons authorized to make withdrawals from such accounts;

3.14.7. each partnership, joint venture, collaboration or other similar agreement or arrangement with another entity;

3.14.8. any promissory note, indenture, mortgage, loan agreement, guaranty, security agreement, pledge or similar agreement with any lender; and

3.14.9. each confidentiality (other than standard nondisclosure agreements entered into in the Company's ordinary course of business), product development, research, manufacturing, marketing, distribution or supply agreement, purchase agreement (excluding purchase orders and price quotes entered into by the Company prior to January 1, 2013, and following such date in amounts of less than $2,000 each) , product, software, patent or other intellectual property licensing or royalty agreement and any other Material Contract (whether oral or written) entered into by the Company or by which the Company is bound.

True and correct copies of all such contracts have been delivered or made available to the Investor. The Company has in all respects substantially performed all obligations required to be performed by it to date and is not in default in any respect under any of such contracts, agreements, leases, documents, commitments or other arrangements to which it is a party or by which it is otherwise bound which default could reasonably be expected to result in a Material Adverse Effect. All agreements referred to in Section 3.14 of the Schedule of Exceptions hereto are in effect and enforceable against the Company according to their respective terms, and to the knowledge of the Company there is not under any of such agreements any existing material default or event of default or event which, with notice or lapse of time or both, would constitute an event of default thereunder. To the knowledge of the Company all parties having material contractual arrangements with the Company are in substantial compliance therewith and none are in material default in any respect thereunder.

3.15. Litigation/Regulation.

3.15.1. There is no civil, criminal or arbitration proceeding, action including administrative action, demand, claim, complaint, hearing, suit, proceeding or governmental inquiry or investigation pending, or to the Company's knowledge threatened against or involving the Company or any of its officers, directors, or employees (in their capacity as such), or against any of the Company's properties, including claims as to which the Company may be vicariously liable or in respect whereof the Company is liable to indemnify any party concerned, before any court, arbitration board or tribunal or administrative or other governmental agency, and, to the Company's knowledge, there are no facts likely to give rise to any such claim or proceedings. Neither the Company nor to the best of its knowledge any of its officers, directors, or employees (in their capacity as such) is a party to the provisions of any order, writ, injunction, judgment or decree of any court or governmental agency or instrumentality. There is no action, suit, proceeding or investigation by the Company currently pending or that the Company intends to initiate. There is no action, suit, proceeding or investigation pending or, to the Company's knowledge, threatened involving the prior employment of any of the Company's employees or their obligations under any agreements with prior employers. The Company has not received any opinion or memorandum or legal advice from legal counsel to the effect that it is exposed, from a legal standpoint, to any liability or disadvantage which the Company reasonably believes may be material to its present or contemplated business, prospects, financial condition, operations, property or affairs. There have been no legal memoranda, letters and other legal documents provided to the Company since its inception the subject matter of which is the Company's compliance with any and all applicable laws, rules and regulations relating to its business.

3.15.2. There are no inspections, investigations or proceedings pending or, to the Company's knowledge, threatened against the Company by or before any governmental or

regulatory authority relating to any of the products being developed, manufactured, promoted, marketed, distributed, imported, exported, or sold by or on behalf of the Company or otherwise in connection with the conduct of their respective businesses.

3.15.3. The Company has heretofore disclosed to the Investor all adverse effects that have occurred in clinical trials conducted by the Company with respect to the development and administration of its products and any claims or actions involving or relating to use of any of the products in any clinical trial or otherwise being developed, manufactured, promoted, marketed, distributed, imported, exported, or sold by or on behalf of the Company.

3.15.4. The Company has not received any communication from a governmental or regulatory authority that alleges that the business of the Company is not, or has not been, conducted in compliance with applicable laws, rules and regulations and to the knowledge of the Company there are no facts or circumstances that would reasonably be expected to give rise to any such notice or communication.

3.15.5. The Company possesses all licenses, registrations, clearances, approvals, authorizations, exemptions, permits, orders, or franchises from governmental and regulatory authorities that are necessary to conduct the business as it is currently being conducted, including as may be necessary to develop, manufacture, promote, market, distribute, export, import and sell products of the business and to conduct clinical trials (collectively, the "**Permits**"). The Company has not received any notice or communication from any federal, national, supranational, state, provincial, local, or similar government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body (each a "**Governmental Authority**") (i) asserting or alleging that it has failed to comply with applicable laws, rules or regulations or the requirements of any Permit, or (ii) threatening or asserting any actual or possible revocation, withdrawal, cancellation, suspension, termination or modification of any Permit, and there are no facts or circumstances that would reasonably be expected to give rise to any such notice or communication.

3.16. Offering Valid. Assuming the representations and warranties of the Investor set forth in Section 4 of this Agreement are true and correct the offer and issuance of the Shares and Warrant, and the issuance of the Warrant Shares upon the exercise of the Warrant, will be exempt from the registration requirements of the Securities Act of 1933, as amended (the "**Securities Act**") and the publication of prospectus pursuant to the Israeli Securities Law, 1968, and will have been registered or qualified (or are exempt from registration and qualification) under the registration, permit or qualification requirements of all applicable state securities laws.

3.17. No Public Offer. Neither the Company nor anyone acting on its behalf has offered securities of the Company or any part thereof or any similar securities for issuance or sale to, or solicited any offer to acquire any of the same from, anyone so as to make issuance and sale of the Shares, Warrant or Warrant Shares hereunder not exempt from the registration requirements of the Securities Act, the Israeli Securities Law, 1968, or any similar foreign law. None of the shares of the Company's share capital issued and outstanding has been offered or sold in such a manner as to make the issuance and sale of such shares not exempt from such registration requirements, and all such share capital have been offered and sold in compliance with all applicable, Israeli and US federal and state securities laws.

3.18. Interested Party Transactions. Except as set forth in Section 3.18 of the Schedule of Exceptions, to the Company's knowledge no officer, director or shareholder of the Company, or any affiliate of any such person or entity or the Company, has or has had, either directly or indirectly, (a) an interest in any person or entity which (i) furnishes or sells services or products which are furnished or sold or are proposed to be furnished or sold by the Company, or (ii) purchases from or sells or furnishes to the Company any goods or services, or (b) a beneficial interest in any contract or agreement to which the Company is a party or by which it is bound. Except as set forth in Section 3.18 of the Schedule of Exceptions, there are no existing arrangements or proposed transactions between the Company and any officer, director, or shareholder of the Company, or, to the Company's knowledge, any affiliate or associate of any such person. No employee, shareholder, officer, or director of the Company is indebted to the Company, nor is the Company indebted (or committed to make loans or extend or guarantee credit) to any of them other than as set forth in Section 3.18 of the Schedule of Exceptions.

3.19. Employees.

3.19.1. The Company has no employment, consulting, service provider or other contract with any officer, employee, agent, contractors or any other consultant or person that is not terminable by it at will without liability, upon less than thirty (30) days prior notice, except as set forth on Section 3.19 of the Schedule of Exceptions hereto. Section 3.19.1 of the Schedule of Exceptions hereto lists all current employment, consulting, service provider or other agreements between the Company and all of the Company's employees, consultants and service providers. Except as set forth on Section 3.19.1 of the Schedule of Exceptions hereto, the Company has no oral or written employment, consulting or service provider contracts, financing agreements, licenses, distributor or sales representative agreements, agreements with officers, directors, employees, consultants, service providers or shareholders of the Company or to the Company's knowledge, persons or organizations related to or affiliated with any such persons, leases, agreements relating to product development, or pension, profit sharing, retirement or stock option plans that are currently in effect.

3.19.2. The Company has complied in all material respects with all applicable employment laws, agreements relating to employment and to the proper withholding and remission to the proper tax and other authorities of all sums required to be withheld from employees or persons deemed to be employees under applicable laws respecting such withholding. The Company is not bound by or, to the knowledge of the Company, subject to (and none of its assets or properties is bound by or subject to) any written or oral, express or implied, contract, commitment or arrangement with any labor union except for those provisions of general agreements between the Histadrut and any Employers' Union or Organization which are applicable to all the employees in Israel by Extension Order. No labor union has requested or has sought to represent any of the employees, representatives or agents of the Company.

3.19.3. All of the Company's payment obligations regarding severance, pensions, and other payments to employees required by law have been fully paid by the Company or properly reserved as reflected in the Company's Financial Statements. Since September 30, 2013, no Key Employee, employee, consultant or service provider of the Company has indicated an intention to terminate or has terminated his or her engagement with the Company and the Company is not aware of such intention. Except as set forth on Section 3.19.3 of the Schedule of

Exceptions hereto, the Company does not intend to terminate the engagement of any of its employees, consultants or service providers. To the Company's knowledge, no employee, consultant or service provider is in violation of any term of any contract, patent disclosure agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant or any other obligation to a former employer or third party relating to the right of any such employee, consultant or service provider to be employed or engaged, as applicable, by the Company.

3.19.4. Except as set forth in Section 3.19.4 of the Schedule of Exceptions, each current and former employees , consultant, contractor and officer of the Company has executed an agreement with the Company regarding confidentiality and proprietary information substantially in the form or forms delivered to the counsel for the Investor (the "**Confidential Information Agreements**"). No current or former Key Employee has excluded works or inventions from his or her assignment of inventions pursuant to such Key Employee's Confidential Information Agreement. Each current and former Key Employee has executed a non-competition and non-solicitation agreement substantially in the form or forms delivered to counsel for the Investor. The Company is not aware that any of its Key Employees is in violation of any agreement covered by this Section 3.19.4. For the purposes herein, "**Key Employee**" shall mean each of the Company's Chief Executive Officer, Director of Pharmaceutical Development (together with the Chief Executive Officer, the "**Active Key Employees**"), Chief Operating Officer and Chief Science Officer.

3.19.5. To the Company's knowledge, none of the Company's employees, consultants, agents, or contractors is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with such employee's, consultant's, agent's or contractor's ability to promote the interest of the Company or that would conflict with the Company's business. Neither the execution or delivery of this Agreement or the Transaction Documents, nor the carrying on of the Company's business by the employees, consultants, agents, or contractors of the Company, nor the conduct of the Company's business as now conducted and as presently proposed to be conducted, is expected, to the Company's knowledge, to conflict with or result in a breach of the terms, conditions, or provisions of, or constitute a default under, any contract, covenant or instrument under which any such constitute a default under, any contract, covenant or instrument under which any such employee, consultant, agent, or contractor is now, obligated.

3.19.6. Except as set forth in Section 3.19.6 of the Schedule of Exceptions hereto or as required by law, upon termination of the employment or engagement, as applicable, of any employees, consultant, agent, or contractor no severance or other payments will become due. The Company has no policy, practice, plan or program of paying severance pay or any form of severance compensation in connection with the termination of employment or engagement, as applicable, other than as required by applicable law.

3.19.7. Except as set forth in Section 3.19.7 of the Schedule of Exceptions hereto the Company has not made any representations regarding equity incentives to any officer, employee, director, agent, contractor or consultant that are inconsistent with the share amounts and terms set forth in the minutes of meetings of the Board.

3.19.8. Except as set forth in Section 3.19.8 of the Schedule of Exceptions, to the Company's knowledge, each officer of the Company is currently devoting all of his or her business time to the conduct of the business of the Company and the Company is not aware of any officer, employee, consultant or service provider of the Company planning to dedicate less than all of his or her business time to the conduct of the business of the Company in the future.

3.20. Brokers. No agent, broker, investment banker, person or firm acting in a similar capacity on behalf of or under the authority of the Company is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, on account of any action taken by the Company in connection with any of the transactions contemplated under the Agreement. The Company agrees to indemnify and hold the Investor harmless from and against any claim or liability resulting from any party claiming any such commission or fee, if such claims shall be contrary to the foregoing statement.

3.21. Grants.

3.21.1. Section 3.21.1.1 of the Schedule of Exceptions identifies each Governmental Grant that has been or is provided or available to the Company as of the date of this Agreement. The Company has made available to the Investor accurate and complete copies of (i) all applications, reports, undertakings and related material documents and material correspondence submitted by the Company to any Governmental Entity related to Governmental Grants, and (ii) all certificates of approval and letters of approval (and supplements thereto) granted to the Company by such Governmental Entity related to Governmental Grants, notifications, and any material correspondence with the Company. In each such application submitted on behalf of the Company, the Company has accurately and completely disclosed all information required by such application. Except as set forth in Section 3.21.1.2 of the Schedule of Exceptions, the Company is in compliance, in all material respects, with the terms, conditions, requirements and criteria of all Governmental Grants and has duly fulfilled, in all material respects, all conditions, undertakings and other obligations relating thereto. Except as set forth in Section 3.21.1.2 of the Schedule of Exceptions, to the knowledge of the Company no event has occurred and no circumstance or condition exists, that would reasonably be expected to give rise to or serve as the basis for (i) the annulment, revocation, withdrawal, suspension, cancellation, recapture or modification of any Governmental Grant, (ii) the imposition of any material limitation on any Governmental Grant or any benefit available in connection with any Governmental Grant, or (iii) a requirement that the Company return or refund any benefits provided under any Governmental Grant. Except as set forth in Section 3.21.1.2 of the Schedule of Exceptions, the Company is in compliance with all terms and requirements pertaining to each of the Grants received from the OCS, and the Company is in compliance with Law for the Encouragement of Industrial Research and Development – 1984 and the regulations, guidelines and rules promulgated thereunder. The Company has not transferred, shared or granted any rights in any know-how (as such term is defined in the Israeli Law for the Encouragement of Industrial Research and Development – 1984 and generally understood under Israeli Law) connected with any funds received by the Company from the OCS ("**Funded Know-how**"), either to Israeli or non-Israeli parties. The Company does not perform any manufacturing outside of Israel by itself, and currently has no plans to perform such manufacturing. The Company has not deposited any Funded Know-how in escrow nor has it pledged any such know-how. The Company has paid in full all royalty obligations with respect to grants received by the Company

from the OCS, and it has no future royalty obligations with respect to such grants. No Governmental Entity (y) has awarded any participation or provided any support to the Company, or (z) is or may become entitled to receive any royalties or other payments from the Company. No Investment Center program is applicable to the Company. For the purposes herein, (i) "**Governmental Entity**" means any: (A) nation, principality, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (B) federal, state, local, municipal, foreign or other government; (C) governmental or quasi-governmental authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, unit, body or Entity and any court or other tribunal); (D) multi-national organization or body; or (E) individual, Entity or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority or power of any nature, (ii) "**Governmental Grant**" means any grant, funding, incentive, tax incentive, subsidy, award, participation, exemption, status, cost-sharing arrangement, reimbursement arrangement, credit, offset or other benefit, relief or privilege provided or made available by or on behalf of or under the authority of the OCS, the Investment Center, the State of Israel, the Fund for Encouragement of Marketing Activities of the Israeli Government or any other Governmental Entity, (iii) "**Investment Center**" means the Investment Center of the Ministry of Industry, Trade and Labor established under the Israel Law for the Encouragement of Capital Investments, 1959, and (iv) "**OCS**" means the Office of the Chief Scientist at the Israeli Ministry of Economy.

3.21.2. Section 3.21.2 of the Schedule of Exceptions sets forth, with respect to each Governmental Grant referred to in Section 3.21.1 of the Schedule of Exceptions: (i) the total amount of the benefits received by the Company under such Governmental Grant and the total amount of the benefits available for future use by the Company under such Governmental Grant, (ii) the time period in which the Company received benefits under such Governmental Grant, (iii) a general description of any research and development program for which such Governmental Grant was approved, (iv) a description of all current and future payment obligations of the Company under such Governmental Grant (assuming the execution of this Agreement and the Financing would not have occurred), (v) any royalty or other repayment schedule applicable to such Governmental Grant and the total payment or repayment due, (vi) the type of revenues from which royalty or other payments are required to be made under such Governmental Grant, (vii) the total amount of any payments made by the Company prior to the date of this Agreement with respect to such Governmental Grant; and (viii) details of any pending application for a Governmental Grant.

3.22. Insurance. A list of the Company's insurance policies is set forth in Section 3.22 of the Schedule of Exceptions. The Company has not undertaken any action, or omitted to take any action, which to the knowledge of the Company could render any such insurance policy void or voidable or which could result in a material increase in the premium for any such insurance policy. Since the date marked herein, the Company has maintained (or been covered by) adequate coverage with a financially sound and reputable insurer, covering its properties and business against hazards, risks and liabilities to third entities and property and third party insurance (December 20, 2012), and D&O insurance (August 19, 2010). No claim has been made or is currently intended to be made by the Company under the said insurance policies; said insurance policies are valid and in effect, and the Company has not received any notice regarding

any intention of cancellation, non-renewal or renewal on materially different terms of said insurance policies, nor do they know of, or have reasonable grounds to know of, any fact which may result in such cancellation, non-renewal or renewal on materially different terms.

3.23. No Insolvency. No insolvency proceeding of any character, including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting the Company or any of its assets or properties, is pending or, to the knowledge of the Company, threatened. The Company has not taken any action in contemplation of, any such insolvency proceedings.

3.24. Business Plan. The Company's business plan (the "**Business Plan**") attached hereto as Schedule 3.24(A) and budget (the "**Budget**") attached hereto as Schedule 3.24(B) have been prepared in good faith and with reasonable professional care and consideration by the Company.

3.25. Data Privacy. In connection with its collection, storage, transfer (including, without limitation, any transfer across national borders) and/or use of any personally identifiable information from any individuals, including, without limitation, any customers, prospective customers, employees and/or other third parties (collectively "**Personal Information**"), to the Company's knowledge, the Company is and has been in compliance with all applicable laws in all relevant jurisdictions, the Company's privacy policies and the requirements of any contract or codes of conduct to which the Company is a party. The Company has commercially reasonable physical, technical, organizational and administrative security measures and policies in place to protect all Personal Information collected by it or on its behalf from and against unauthorized access, use and/or disclosure. The Company is and has been in compliance in all material respects with all applicable laws relating to data loss, theft and breach of security notification obligations.

3.26. Full Disclosure. Neither this Agreement (including the schedules attached hereto) nor any certificate made or delivered in connection herewith 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, in view of the circumstances in which they were made. There is no fact or information relating to the business, condition (financial or otherwise), affairs, operations, or assets of the Company of which the Company is aware and the existence of which has caused or is likely to cause a Material Adverse Effect, that has not been disclosed to the Investor by the Company.

3.27. Effectiveness; Survival; Indemnification.

3.27.1. Each representation and warranty herein is deemed to be made on the date of this Agreement and at the Closing, and shall survive and remain in full force and effect (i) following the Initial Closing until three (3) years from the date of the last Milestone Closing, or (ii) with respect to Sections 3.2 (Share Capital), 3.3 (Ownership of Shares), 3.7 (Authorization; Approvals), 3.12 (Intellectual Property Rights), 3.13 (Taxes), and 3.15 (Litigation/Regulation), until fifteen (15) days after the expiration of the applicable statute of limitation (respectively, the "**Expiration Date**"). Notwithstanding the aforesaid, any breach by the Company of any of the representations or warranties contained in this Agreement involving fraud or willful misrepresentation shall survive indefinitely.

3.27.2. In the event of any breach or misrepresentation of any warranty or representation made by the Company or breach of any covenant made by the Company, subject to the terms of this Section 3.27.2, the Company shall defend and indemnify the Investor and its respective affiliates, officers, directors, stockholders, representatives and agents (collectively, the "**Indemnitees**") and hold them harmless from any and all loss, damage (including, without limitation, any decrease in the value of the Shares, Warrant and Warrant Shares), liability and expense (including reasonable legal fees and costs) (collectively, the "**Damages**") sustained or incurred by the Indemnitees as a result of or in connection with the said breach or misrepresentation, provided that the parties agree that the Indemnitees shall have no claim or right of action against the Company for any damage or loss incurred as a result of a breach of warranty, misrepresentation or other breach hereof by the Company until the aggregate amount of all such damages and losses is US$50,000, at which time the Indemnitees shall be indemnified for their entire amount of damages, and that, except with respect to fraud or willful misconduct in no event shall an Indemnitee be entitled hereunder to any amount of damages or reimbursement in connection with a breach of warranty or misrepresentation that exceeds in the aggregate the amount invested in the Company hereunder by the Investor plus out of pocket expense and reasonable legal fees expended by the Indemnitees in connection with any claim hereunder. Except with respect to fraud or willful misconduct, in no other case shall the Company be liable to indemnify the Indemnitees for any consequential, special or punitive damages. For purposes of calculating Damages with respect to any breach or breaches by the Company of any of its representations and warranties contained in or made by or pursuant to this Agreement that are qualified by materiality or Material Adverse Effect, all such qualifications shall be disregarded. For purposes of calculating Damages with respect to any breach or breaches by the Company of any of its representations and warranties contained in or made by or pursuant to this Agreement that are qualified by materiality or Material Adverse Effect (including for the purpose of determining whether the basket as per this Section 3.27.2 has been satisfied but not for purposes of determining whether such a breach has occurred), all such qualifications shall be disregarded.

3.27.3. Other than in respect of fraud or willful misconduct by the Company, the remedies set forth in this Section 3.27 shall constitute the exclusive rights and remedies available to the Indemnitees against the Company under this Agreement, and no claim may be made against the Company for a breach of any representation or warranty following its expiration as specified in Section 3.27.1 above, provided that, if any claims for indemnification have been made by the lndemnitees with respect to any breach on or prior to the applicable Expiration Date, such claims shall survive and continue in effect until final resolution of such claims.

3.27.4. An Indemnitee's right to indemnification under this Section 3.27 based on the breach of any representation or warranty or the failure of any representation or warranty to be true and correct as of the date hereof and the Closing Date or the failure to perform any covenant shall not be diminished or otherwise affected in any way as a result of the existence of such Indemnitee's knowledge of such breach, untruth or nonperformance as of the date hereof or the Closing Date, regardless of whether such knowledge exists as a result of the Indemnitee's investigation or as a result of disclosure by the Company (or any other Person). For the purpose of this Agreement, "**Person**" shall mean any natural person, any unincorporated organization or association, and any partnership, limited liability company, corporation, estate, trust, nominee, custodian or other individual or entity.

3.27.5. Promptly after receipt by any Indemnitee of notice of the commencement of any action, proceeding, or investigation by a third party in respect of which indemnity may be sought (a "**Claim**"), the Indemnitee shall notify the Company. The Company shall promptly assume the defense of the Claim with counsel reasonably satisfactory to such Indemnitee and the fees and expenses of such counsel shall be borne by the Company, provided that the Company will not be entitled to assume the defense of any Claim and the Investor shall be entitled to conduct the defense of any Claim at the sole reasonable cost and expense of the Company if counsel for the Indemnitee reasonably determines that there is a conflict between the positions of the Company and the Investor in conducting the defense of such Claim or that there are legal defenses available to the Investor different from or in addition to those available to the Company. The Indemnitee shall reasonably cooperate with the Company in the defense of any Claim for which the Company assumes the defense, at Company's cost and expense. At its option and expense, each of the lndemnitees may retain or use separate counsel to represent it, provided that the Company shall maintain control of the defense. The Company shall not be liable for a settlement made by an Indemnitee in any Claim effected without the Company's consent. The Company shall not enter into any settlement of any Claim unless such settlement includes a general release of an Indemnitee with no payment by the Indemnitee of any consideration, with no affirmative or negative restrictions of any kind on the Indemnitee and with no admission of any liability or wrongdoing of any kind on the part of the Indemnitee.

4. **Representations and Warranties of the Investor**

The Investor hereby represents and warrants to the Company, that the following is true and correct as of the date hereof and acknowledges that without derogating from the Company's representation, warranties and covenants pursuant to this Agreement or otherwise, the Company is entering into this Agreement in reliance thereon, as follows:

4.1. Enforceability. The Investor is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation. This Agreement and the Transaction Documents, when executed and delivered by the Investor, will constitute the valid, binding and enforceable obligations of the Investor.

4.2. Authorization. The execution, delivery and performance of the obligations of the Investor hereunder and under the Transaction Documents have been duly authorized by all necessary corporate action.

4.3. Experience. The Investor confirms that it is an experienced and knowledgeable investor in the securities of companies in the early development stage and is capable of evaluating the risks of its investment in the Company. The Investor represents and warrants that it (i) must be prepared to continue to bear the economic risk of its investment for an indefinite period of time, (ii) has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Preferred Shares, and (iii) has the capacity to protect its own interests. Moreover, the Investor acknowledges that due to the inherent risk involved in such investment, the Investor's investment may be substantially or totally lost.

4.4. Investor Status. The Investor confirms that is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act and a non-"U.S. person" within the meaning of Rule 902(k) promulgated under the Securities Act (and the Investor is not purchasing for the account or benefit of a U.S. Person), and at the time of the offer and sale of the Shares and the Warrants the Investor was not located in the United States. The Investor is not required to be registered as a broker-dealer under Section 15 of the Securities Exchange Act of 1934, as amended. The Investor understands and agrees that, until registered under the Securities Act of 1933 or transferred pursuant to the provisions of Rule 144 as promulgated by the Securities and Exchange Commission, all certificates evidencing any of the Shares (or Warrant Shares issuable upon the Exercise of the Warrant), whether upon initial issuance or upon any transfer thereof, shall bear a legend, prominently stamped or printed thereon, reading substantially as follows:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR WITHOUT AN EXEMPTION THEREFROM, IF APPLICABLE. THE SALE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY. COPIES OF THE ARTICLES OF ASSOCIATION MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY."

4.5. Purchase Entirely for Own Account. This Agreement, including the Transaction Documents, is made with the Investor in reliance upon the Investor's representation to the Company, which by Investor's execution of this Agreement and the Transaction Documents Investor hereby confirms, that the Shares and Warrant Shares will be acquired for investment for the Investor's own account, not as a nominee or agent and that the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same.

4.6. No Public Market. The Investor understands that the Shares and Warrant Shares have not been registered under the Securities Act and no public market now exists for any of the securities issued by the Company, and that the Company can make no assurance that a public market will ever exist for the Company's securities.

4.7. Required Consents. No approval or consent from any person, entity or authority, is required by the Investor for the execution, delivery and performance by it of this Agreement, and any and all agreements and instruments ancillary hereto or thereto.

4.8. No Conflict. The execution and delivery of this Agreement and the Transaction Documents by the Investor will not conflict with, or result in any material breach or violation of any (a) terms, conditions or provisions of applicable law; (b) any judgment, order, injunction, decree or ruling of any court or governmental authority to which the Investor is subject; (c) any agreement, contract, license or commitment to which the Investor is a party or to which the

Investor is subject and which would materially impair the ability of the Investor to execute, deliver or perform any of the Investor's obligations pursuant to this Agreement; or (d) Investor's governing organizational documents.

4.9. Disclosure of Information. The Investor was provided with the opportunity to conduct a due-diligence review and to review all representations and warranties concerning the Company contained in this Agreement and the opportunity to ask questions and receive answers to its satisfaction from Company's directors and officers regarding Company's affairs and the terms of the transaction hereunder and all other subjects that it has raised. The aforesaid shall not limit, modify or derogate from the Company's representations and warranties set forth in Section 3 above or the right of the Investor to rely thereon and shall not derogate from the provisions under Section 3.27.4.

4.10. Brokers. No agent, broker, investment banker, person or firm acting in a similar capacity on behalf of or under the authority of the Investor is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, on account of any action taken by the Investor in connection with any of the transactions contemplated under the Agreement. The Investor agrees to indemnify and hold the Company harmless from and against any claim or liability resulting from any party claiming any such commission or fee, if such claims shall be contrary to the foregoing statement.

5. **Conditions of Initial Closing of the Investor**

The obligations of the Investor to transfer the Initial Investment Amount at the Initial Closing are subject to the fulfillment at or before the Initial Closing of the following conditions precedent, any one or more of which may be waived in whole or in part by the Investor, which waiver shall be at the sole discretion of the Investor:

5.1. Representations and Warranties. The representations and warranties made by the Company in this Agreement shall have been true and correct when made, and shall be true and correct as of the Initial Closing as if made on the date of the Initial Closing.

5.2. Covenants. All covenants, agreements, and conditions contained in this Agreement to be performed or complied with by the Company prior to the Initial Closing shall have been performed or complied with by the Company prior to or at the Initial Closing.

5.3. Consents, etc. The Company shall have secured all permits, consents and authorizations that shall be necessary or required lawfully to consummate this Agreement and to issue the Initial Closing Shares to the Investor at the Initial Closing.

5.4. Delivery of Documents. All of the documents to be delivered by the Company pursuant to Section 2.3 shall be in the respective form attached to this Agreement, or if no such forms are attached in a form and substance satisfactory to the Investor and its counsel, and shall have been delivered to the Investor.

5.5. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory, in form and in substance, to the Investor and its counsel,

and the Investor and its counsel shall have received all such counterpart originals or certified or other copies of such documents as the Investor or their counsel may reasonably request.

6. **Conditions of Initial Closing of the Company**

The Company's obligations at the Initial Closing shall be subject to:

6.1. The Investor causing the transfer to the Company of the Initial Investment Amount for the Initial Closing Shares being issued to it.

6.2. The representations and warranties made by the Investor herein shall have been true and correct in all respects when made and shall be true and correct on the date of the Initial Closing.

6.3. All covenants, agreements and conditions contained in this Agreement to be performed, or complied with, by the Investor prior to the Initial Closing, shall have been performed or complied with by the Investor.

6.4. The Investor shall have executed an undertaking required by the OCS as to the Initial Closing Shares.

7. **Conditions of Milestone Closing of the Investor**

The obligations of the Investor to transfer the applicable portion of the Milestone Investment Amount at the applicable Milestone Closing are subject to the fulfillment at or before the applicable Milestone Closing of the following conditions precedent, any one or more of which may be waived in whole or in part by the Investor, which waiver shall be at the sole discretion of the Investor:

7.1. No Termination of Clinical Trial. There shall not have occurred the early termination of a clinical trial being conducted by the Company due to concerns in respect of the safety or finding that could reasonably be expected to affect adversely the safety of one of the Company's products, drug or comparator material (including placebos used in the clinical trial) that is the subject of the clinical trial.

7.2. Covenants. All covenants, agreements, and conditions contained in this Agreement to be performed or complied with by the Company prior to the applicable Milestone Closing, including, without limitation, the Company's undertaking pursuant to Section 9.9 below (which such undertaking shall only be deemed a covenant of the Company for either of the Milestone Closings and not for the Initial Closing), shall have been performed or complied with by the Company prior to or at the applicable Milestone Closing.

7.3. Consents, etc. The Company shall have secured all permits, consents and authorizations that shall be necessary or required lawfully to consummate this Agreement and to issue the applicable portion of the Milestone Shares to the Investor at the applicable Milestone Closing.

7.4. Delivery of Documents. All of the documents to be delivered by the Company pursuant to Section 2.4 shall be in the respective form attached to this Agreement, or if no such forms are attached in a form and substance satisfactory to the Investor and its counsel, and shall have been delivered to the Investor.

7.5. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory, in form and in substance, to the Investor and its counsel, and the Investor and its counsel shall have received all such counterpart originals or certified or other copies of such documents as the Investor or their counsel may reasonably request.

7.6. Milestone Events. The applicable Milestone Event set forth in Schedule 1.2(a) shall have occurred no later than the date set forth in Schedule 1.2(a) attached hereto.

8. **Conditions of Milestone Closings of the Company**

The Company's obligations at each of the Milestone Closings shall be subject to:

8.1. The Investor causing the transfer to the Company of the applicable portion of the Milestone Investment Amount for the applicable portion of the Milestone Shares being issued to it.

8.2. All covenants, agreements and conditions contained in this Agreement to be performed, or complied with, by the Investor prior to the applicable Milestone Closing, shall have been performed or complied with by the Investor.

8.3. The Investor shall have executed an undertaking required by the OCS as to the Milestone Shares being sold and issued to the Investor at such Milestone Closing.

9. **Affirmative Covenants of the Company**

9.1. Use of Proceeds. The Company shall use the Purchase Price to continue the development of the Company's technology, know-how, sales and marketing programs and to provide general working capital, in accordance with the Budget approved by the Board including one (1) Preferred A Director (provided that such Preferred A Director's approval shall not unreasonably be withheld), as may be amended by the Board from time to time, subject to provisions set forth in the Amended Articles.

9.2. Observer Rights. On and after the Effective Date and subject to applicable law, until an IPO the Company shall permit one (1) representative designated by the Investor (the "**Investor Observer**") to attend, in a non-voting observer capacity, each meeting of the Board of Directors of the Company and each meeting of any committee thereof and to participate in all discussions during each such meeting. The Company shall send to the Investor Observer notice of the time and place of any such meeting, in the same manner and at the same time as notice is sent to its directors. The Company shall also provide to the Investor Observer copies of all notices, reports, minutes, contracts and other documents, at the time and in the same manner as such documents are provided to the Board of Directors of the Company. Any materials furnished to the Investor Observer and the discussions and presentations in connection with or at any

meeting shall be considered confidential information and the Investor Observer will keep such materials and discussions confidential and will not disclose or divulge such materials and discussions to any third party. Notwithstanding the foregoing, the Company reserves the right to exclude the Investor Observer from access to any materials or meetings or portions thereof if the Board of Directors shall reasonably determine, upon advice of counsel, that such exclusion is necessary (A) to preserve the attorney-client privilege, or (B) to prevent a conflict of interest.

9.3. Fees. Subject to the execution of this Agreement, the Company will pay the reasonable legal and other fees and expenses of the Investor in the amount of up to thirty-five thousand United States dollars ($35,000), plus value added tax if applicable, to Herzog Fox & Neeman representing the Investor in connection with the transactions contemplated under this Agreement, or any Amendment to this Agreement (the "**Investor Expenses**"), which such amounts shall be paid directly by Investor to Herzog Fox & Neeman by way of set-off of such amounts from the Initial Investment Amount.

9.4. D&O Insurance. Prior to the second Milestone Closing, the Company shall obtain from financially sound and reputable insurers directors' and officers' liability insurance in the amount of at least five million United States dollars (US$5,000,000) (the "**D&O Insurance**").

9.5. Run-off Insurance. In the event the Company merges with another entity and is not the surviving corporation, or transfers all of its assets, the Company shall ensure that directors are covered by a run-off insurance policy for a period of seven (7) years following such merger or transfer subject to the applicable insurance company consenting to provide the Company such run-off insurance policy provided that the Company shall use its best efforts to have the applicable insurance company provide the Company such run-off insurance policy on generally standard terms and conditions.

9.6. Proprietary Information and Non-Competition Agreement. The Company will not employ, or continue to employ, or engage, or continue to engage, any person who has access to confidential information with respect to the Company and its operations unless such person has executed an appropriate confidentiality, intellectual property assignment and non-compete agreement.

9.7. Employment Agreements. Following the Initial Closing the Active Key Employees shall devote one hundred percent (100%) of his or her business time to the conduct of the business of the Company and to the best of the Company's knowledge each of the individuals currently serving as an Active Key Employee intends to continue to devote one hundred percent (100%) of his or her business time to the conduct of the business of the Company for the foreseeable future following the Initial Closing.

9.8. No Public Disclosure. Other than with respect to publishing a prospectus by the Company in connection with a future initial public offering of its securities (in which case, any disclosure would require the prior written approval of the Investor), no party hereto shall publicly announce or disclose the existence of this Agreement or its terms and conditions, or advertise or release any publicity regarding this Agreement or the transactions contemplated hereunder (the "**Transaction Terms**"), without the prior written consent of the other parties hereto, except that (i) the parties hereto may disclose to third parties any information regarding

the Transaction Terms which is known or becomes known to the public in general (other than as a result of a breach of this Section 9.8 by the disclosing party), and (ii) the parties hereto may disclose Transaction Terms to the extent legally required in order to comply with any court order, applicable law or order from regulatory authorities.

9.9. Consulting Agreement. The Company will ensure that the persons (and any entity through which such persons provide services to the Company) indicated in Schedule 9.9-A shall execute an Intellectual Property assignment and confidentiality agreement with the Company (to apply as of the date in which such services were provided to the Company by each such persons, but solely as to such services) substantially in the form attached hereto as Schedule 9.9-B or as reasonably amended by the parties hereto to reflect standard terms and conditions, and the person indicated on Schedule 9.9-B will execute an amendment to his employment agreement, each within thirty (30) days as of the Initial Closing.

9.10. Registration of Shares. The Company shall use its reasonable efforts to (i) file with the SEC a form Fl for the purpose of effecting an initial public offering of its Ordinary Shares (the "**QIPO**") following the consummation of which the Company's shares shall be listed on the NASDAQ or NYSE MKT LLC (AMEX) within five (5) months as of the Initial Closing, (ii) to appoint underwriters for the purpose of effecting the QIPO, and (iii) to consummate the QIPO within eleven (11) months as of the Initial Closing.

10. **Miscellaneous**

10.1. Further Assurances. From and after the date of this Agreement, upon the request of the Investor or the Company, the Company and the Investor shall execute and deliver such instruments, documents and other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

10.2. Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Israel, excluding that body of law pertaining to conflict of law. The competent courts in Tel Aviv-Jaffa district shall have exclusive jurisdiction over any dispute or claim arising in connection with or as a result of this Agreement.

10.3. Successors and Assigns; Assignment. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto. None of the rights, privileges, or obligations set forth in, arising under, or created by this Agreement may be assigned or transferred without the prior consent in writing of each party to this Agreement, with the exception of assignments by the Investor to Permitted Transferees (as such term is defined in the Amended Articles) of the Investor; provided, however, that that no such assignment or transfer shall become effective unless each such transferee has provided the Company with a confirmation in writing that it is bound by all terms and conditions of this Agreement as if it were an original party to it.

10.4. Entire Agreement; Amendment and Waiver. This Agreement and the Schedules attached hereto constitute the full and entire understanding and agreement between the parties with regard to the subject matters hereof and thereof. Any term of this Agreement may be

amended and the observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of the Company and the Investor.

10.5. Notices, etc. All notices and other communications required or permitted hereunder to be given to a party to this Agreement shall be in writing and shall be faxed, or mailed, postage prepaid, or otherwise delivered by electronic mail, hand or by guaranteed courier, addressed to such party's address as set forth below or at such other address as the party shall have furnished to each other party in writing in accordance with this provision:

if to the Investor:

Centillion Fund
62 Wilson Street
London, EC2A 2BU
Telephone:+44 (0) 20 7782 0007
Fax: +44 (0) 20 7782 0939
Attn.: Lot Hammink
E-mail: info@Centillion-Fund.com

with a copy (which shall not constitute notice) to:
Herzog Fox & Neeman,
4 Weizmann Street,
Tel-Aviv 6423904, Israel
Attn: Yair Geva, Adv., Yuval Meidar, Adv.
Fax no. +972-3-6966464
Email: gevay@hfn.co.il, meidary@hfn.co.il

if to the Company:

Entera Bio Ltd.
Jerusalem Bio Park
PO Box 12117
Jerusalem 91220
Tel: +972-54-535-2683
Attn: Dr. Phillip Schwartz
E-mail: phillip@enterabio.com

with a copy (which shall not constitute notice) to:
Adam M. Klein, Adv.
Goldfarb Seligman & Co.
Electra Tower
98 Yigal Alon Street
Tel Aviv 6789141, Israel
Fax: +972-3-608-9855

or such other address with respect to a party as such party shall notify each other party in writing as above provided. Any notice sent in accordance with this Section 10.5 shall be effective (i) if mailed, seven (7) business days after mailing, (ii) if sent by guaranteed courier, the second day following pick-up by the guaranteed courier, and (iii) if faxed, upon transmission and electronic confirmation of receipt or (if transmitted and received on a non-business day) on the first

business day following transmission and electronic confirmation of receipt. Notices sent by electronic mail shall be deemed received upon confirmation of receipt of such electronic mail message.

10.6. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default under this Agreement shall be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any of the parties, shall be cumulative and not alternative.

10.7. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this 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.

10.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall constitute one and the same instrument.

10.9. Headings. Article, Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

10.10. Administration of the Investor. For purposes of determining the availability of any right or the applicability of any limitation under this Agreement, all shares in the Company held by any of the Investor and any Affiliate (as defined in the Amended Articles) of the Investor shall be aggregated.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF the parties have signed this Series A Preferred Share Purchase Agreement as of the date first hereinabove set forth.

The Company:

ENTERA BIO LTD.

By:	/s/ Phillip Schwartz
Name:	Dr. Phillip Schwartz
Title:	CEO

The Investor:

CENTILLION FUND

By:	
Name:	
Title:	

[*Signature Page to Entera Bio Ltd. SPA*]

IN WITNESS WHEREOF the parties have signed this Series A Preferred Share Purchase Agreement as of the date first hereinabove set forth.

The Company:

ENTERA BIO LTD.

By: _____

Name: _____

Title: _____

The Investor:

CENTILLION FUND

By: /s/ Sean Ellis

Name: Sean Ellis

Title: CIO

[*Signature Page to Entera Bio Ltd. SPA*]

Schedule 1.2(a)

Milestone

Milestone Event	**Milestone Last Date**	**Milestone Investment Amount**	**Milestone Shares**
The company shall have filed with the SEC a form Fl for the purpose of effecting a QIPO for the purpose that following the consummation of which the Company's shares shall be listed on the NASDAQ or NYSE MKT LLC (AMEX) and by the initial filing of the form Fl the Company has appointed underwriters for such purpose, the identity of which to be approved by the Investor at its reasonable discretion	Five (5) months following the Initial Closing	US$2,000,000	4,172 Preferred Shares
Consummation of the QIPO following which the Company's shares shall be listed on the NASDAQ or NYSE MKT LLC (AMEX)	Eleven (11) months following the Initial Closing	US$1,000,000	2,086 Preferred Shares

Schedule 1.3

Capitalization Table

Exhibit A

Form of a Warrant

FORM OF WARRANT

THIS WARRANT AND THE APPLICABLE SHARES ISSUABLE UPON EXERCISE THEREOF 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.

WARRANT TO PURCHASE SHARES OF ENTERA BIO

For value received and subject to the provisions set forth in this warrant (this "**Warrant**"), Centillion Fund ("**Centillion**") and its assignees are entitled to purchase from Entera Bio Ltd., an Israeli Company (the "**Company**"):

Type of Shares:	Applicable Shares.
Exercise Price:	$[ ], subject to adjustment as set forth below.
Number of Shares	[ ], subject to adjustment as set forth below.
Term of Warrant:	The earlier to occur of: (i) two (2) years from an IPO (as defined below), or (ii) seven (7) years from the Warrant Date.
Warrant Date:	[ ], 2014.

The number of Shares for which this Warrant is exercisable and the Exercise Price may be adjusted as specified in Section 5.

1. Definitions. As used herein, capitalized terms not otherwise defined herein shall have the meanings set forth in the introductory paragraph of this Warrant or the following meanings:

a. "***Applicable Shares***" means (i) prior to the Company's initial public offering 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 (an "**IPO**"), the Company's Series A Preferred Shares, (ii) after the conversion of all of the outstanding shares of such series of preferred shares into Ordinary Shares, either automatically or by vote of the requisite holders thereof, the Company's Ordinary Shares, and (iii) upon any conversion, exchange, reclassification or change, any security into which the shares described in clauses (i) or (ii) of this definition may be converted, exchanged, reclassified or otherwise changed.

b. "***Change of Control***" shall mean any (i) acquisition of the Company by another entity 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 substantially all of the assets of the Company.

c. "***Ordinary Shares***" means the Ordinary Shares of the Company, each having a nominal value of NIS 0.01.

d. "**Exercise Price**" means the exercise price per share of Applicable Shares specified in the introductory paragraph of this Warrant.

e. "**Holder**" means the initial holder of this Warrant set forth in the first paragraph of this Warrant and any other person or entity which becomes a holder of this Warrant pursuant to the terms of this Warrant.

f. "**Shares**" means the Applicable Shares of Company issuable upon exercise of this Warrant.

g. "**Warrant *Date***" means the date of this Warrant specified in the introductory paragraph of this Warrant.

2. **Term.** The right to purchase Applicable Shares upon exercise hereof is exercisable at any time and from time to time from the Warrant Date until the end of the Term of Warrant specified in the introductory paragraph of this Warrant.

3. **Payment and Exercise.** The purchase right represented by this Warrant may be exercised by the Holder, in whole or in part and from time to time, at the election of the Holder, by the surrender of this Warrant (with the notice of exercise substantially in the form attached hereto as Exhibit A duly completed and executed) at the principal office of the Company and by the payment to the Company, by check, or by wire transfer to an account designated by the Company of an amount equal to the then applicable Exercise Price multiplied by the number of Shares then being purchased.

The person or persons in whose name(s) any certificate(s) representing Applicable Shares shall be issuable upon exercise of this Warrant 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 Shares represented thereby (and such Shares shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Warrant is exercised. In the event of any exercise of the rights represented by this Warrant, certificates for the Shares so purchased shall be delivered to the Holder as soon as possible and in any event within thirty (30) days after such exercise and, unless this Warrant has been fully exercised or expired, a new Warrant representing the portion of the Shares, if any, with respect to which this Warrant shall not then have been exercised shall also be issued to the Holder as soon as possible and in any event within such

thirty-day period; provided, however, that at such time as the Company is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, if requested in writing by the Holder, the Company shall cause its transfer agent to deliver the certificate representing Shares issued upon exercise of this Warrant to a broker or other person (as directed by the Holder exercising this Warrant) within the time period required to settle any trade made by the Holder after exercise of this Warrant.

4. **Shares Fully Paid; Reservation of Shares.** All Shares that may be issued upon the exercise of the rights represented by this 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. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issue upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of Applicable Shares to provide for the exercise of the rights represented by this Warrant and, while the Applicable Shares is convertible preferred shares, a sufficient number of Ordinary Shares to provide for the conversion of the Applicable Shares into Ordinary Shares.

5. **Adjustment of Exercise Price and Number of Shares.** The number and kind of shares purchasable upon the exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

a. Change of Control. In case of any Change of Control, the Company, or such successor or purchasing corporation, as the case may be, shall make appropriate provision, so that the Holder shall receive upon exercise of this Warrant at a total purchase price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, and in lieu of the Applicable Shares theretofore issuable upon exercise of this Warrant, the kind and amount of shares, other securities, money and property receivable upon such Change of Control by a holder of the number of Applicable Shares then purchasable under this Warrant.

b. Reclassifications or Reorganizations. In case of any reclassification, capitalization reorganization or change of securities of the class issuable upon exercise of this Warrant (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), the Company shall duly execute and deliver to the Holder a new Warrant (in a form substantially similar to this Warrant), or the Company shall make appropriate provision without the issuance of a new Warrant, so that the Holder shall have the right to receive upon exercise of this Warrant, at a total purchase price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, and in lieu of the Applicable Shares theretofore issuable upon exercise of this Warrant, the kind and amount of shares, other securities, and property receivable upon such reclassification, reorganization or change by a holder of the number of Applicable Shares then purchasable under this Warrant. The provisions of this Section Sb shall similarly apply to successive reclassifications, reorganizations and changes.

c. Subdivision, Shares Dividend or Combination of Shares. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide, distribute a dividend payable in Applicable Shares or combine its outstanding Applicable Shares, the Exercise Price

shall be proportionately decreased and the number of Shares issuable hereunder shall be proportionately increased in the case of a subdivision or a share dividend and the Exercise Price shall be proportionately increased and the number of Shares issuable hereunder shall be proportionately decreased in the case of a combination.

d. Adjustment of Number of Shares. Upon each adjustment in the Exercise Price, the number of Applicable Shares purchasable hereunder shall be adjusted, to the nearest whole share, to the product obtained by multiplying the number of Shares purchasable immediately prior to such adjustment in the Exercise Price by a fraction, the numerator of which shall be the Exercise Price immediately prior to such adjustment and the denominator of which shall be the Exercise Price immediately thereafter.

e. Antidilution Rights. The other antidilution rights applicable to the Applicable Shares purchasable hereunder, if any, are set forth in the Company's Amended and Restated Articles of Incorporation, as amended through the Warrant Date, a true and complete copy of which is attached hereto as Exhibit B (the "***Charter***"). The Company shall promptly provide the Holder with any restatement, amendment, modification or waiver of the Charter promptly after the same has been made.

6. Notice of Adjustments. Whenever the Exercise Price or the number of Shares purchasable hereunder shall be adjusted pursuant to Section 5 hereof, the Company shall make a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the Exercise Price and the number of Shares purchasable hereunder after giving effect to such adjustment, and shall cause copies of such certificate to be delivered to the Holder. In addition, whenever the conversion price or conversion ratio of the Applicable Shares shall be adjusted, the Company shall make a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the conversion price or ratio of the Applicable Shares after giving effect to such adjustment, and shall cause copies of such certificate to be delivered to the Holder.

7. Fractional Shares. No fractional Applicable Shares will be issued in connection with any exercise 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.

8. Rights as Shareholders; Information. Without derogating Section 5 above, no Holder, as a holder of this Warrant, shall be entitled to vote or receive dividends or be deemed the holder of Applicable Shares or any other securities of the Company which may at any time be issuable upon the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to receive dividends or subscription rights or otherwise until this Warrant shall have been exercised and the Shares purchasable upon the exercise hereof shall have become deliverable, as provided herein. Notwithstanding the foregoing, the Company will transmit to the

Holder such information, documents and reports as are generally distributed to the holders of any class or series of the securities of the Company concurrently with the distribution thereof to the holders of the Applicable Shares except if such information, documents and reports are otherwise publicly filed or made publicly available by the Company.

9. Notice Rights.

a. Change of Control Transactions. The Company shall provide the Holder with at least fourteen (14) days' written notice prior to the consummation of a Change of Control.

b. Dividends and Repurchases. The Company shall provide the Holder with at least fourteen (14) days written notice prior to the record date of any cash dividend with respect to or offer to repurchase the Applicable Shares.

c. Liquidation. The Company shall provide the Holder with at least fourteen (14) days written notice prior to any voluntary or involuntary dissolutions, liquidation or winding-up of the Company.

10. Representations and Warranties. The Company represents and warrants to the Holder as follows:

a. This Warrant has been duly authorized and executed by the Company and is a valid and binding obligation of the Company enforceable in accordance with its terms.

b. The Shares have been duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable and free from preemptive rights.

c. The rights, preferences, privileges and restrictions granted to or imposed upon the Applicable Shares and the holders thereof are as set forth in the Charter, and on the Warrant Date, each share of the Applicable Shares represented by this Warrant is convertible into one share of Ordinary Shares.

d. The Ordinary Shares issuable upon conversion of the Shares have been duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms of the Charter will be validly issued, fully paid and nonassessable.

e. The execution and delivery of this Warrant are not, and the issuance of the Shares upon exercise of this Warrant in accordance with the terms hereof will not be, inconsistent with the Company's Charter, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to the Company, and do not and will not conflict with or contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument of which the Company is a party or by which it is bound or require the consent or approval of, the giving of notice to, the registration or filing with or the taking of any action in respect of or by, any government authority or agency or other person, except for the filing of notices pursuant to applicable securities laws, which filings will be effected by the time required thereby.

11. **Restrictions on Transfer.** By acceptance of this Warrant, the Holder hereby agrees that (i) until the consummation of an IPO the Holder will not sell, offer for sale, pledge, hypothecate or otherwise transfer ("**Transfer**") this Warrant except to a Permitted Transferee (as such term is defined in Article 19 of the Company's Third Amended and Restated Articles of Association) 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 Warrant or the Shares issued or issuable upon exercise hereof, as the case may be, and registration or qualification under applicable state securities laws, the Holder will not Transfer any or all this Warrant or the Shares, 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 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. In the event of any Transfer in compliance with the terms and conditions of this Section 11, the Holder may Transfer this Warrant, in whole or in part, upon surrender of this Warrant properly endorsed and delivery of a Form of Assignment in substantially the form attached hereto as Exhibit C duly executed by the Holder and upon payment of any necessary transfer tax or other governmental charge imposed upon such transfer, if any.

12. **Compliance with Securities Laws.** By acceptance of this Warrant, the Holder hereby represents, warrants and covenants that any securities purchased upon exercise of this Warrant or acquired upon conversion thereof shall be acquired for investment only and not with a view to, or for sale in connection with, any distribution thereof; that the Holder has had such opportunity as the Holder has deemed adequate to obtain from representatives of the Company such information as is necessary to permit the Holder to evaluate the merits and risks of its investment in the Company; that the Holder is able to bear the economic risk of holding the Shares for an indefinite period; that the Holder understands that the Shares will not be registered under the Act (unless otherwise required pursuant to exercise by the Holder of the registration rights, if any, granted to the Holder) and will be "restricted securities" within the meaning of Rule 144 promulgated under the Act; and that all stock certificates representing Shares 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.

13. **Modification and Waiver.** This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought.

14. **Notices.** Any notice, request, communication or other document required or permitted to be given or delivered to the Holder 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 Holder at its address as shown on the books of the Company or to the Company at the address indicated therefor on the signature page of this Warrant.

15. **Binding Effect on Successors.** This Warrant shall be binding upon any corporation succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets, and all of the obligations of the Company relating to the Applicable Shares issuable upon the exercise or conversion of this Warrant shall survive the exercise, conversion and termination of this Warrant and all of the covenants and agreements of the Company shall inure to the benefit of the successors and assigns of the Holder.

16. **Lost Warrants or Stock Certificates.** The Company covenants to the Holder that, upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant or any share certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant or share certificate, the Company will make and deliver a new Warrant or share certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or shares certificate.

17. **Descriptive Headings.** The descriptive headings of the various Sections of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The language in this Warrant shall be construed as to its fair meaning without regard to which party drafted this Warrant.

18. **Governing Law.** This Warrant shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Israel.

19. **Survival of Representations.** Warranties and Agreements. All representations and warranties of the Company and the Holder contained herein shall survive the Warrant Date, the exercise or conversion of this Warrant (or any part hereof) or the termination or expiration of rights hereunder. All agreements of the Company and the Holder contained herein shall survive indefinitely until, by their respective terms, they are no longer operative.

20. **Remedies.** In case any one or more of the covenants and agreements contained in this Warrant shall have been breached, the Holder (in the case of a breach by the Company), or the Company (in the case of a breach by the Holder), may proceed to protect and enforce their or its rights either by suit in equity and/or by action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Warrant.

21. **No Impairment of Rights.** The Company will not, by amendment of its Charter or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against impairment.

22. **Severability.** The invalidity or unenforceability of any provision of this Warrant in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction, or affect any other provision of this Warrant, which shall remain in full force and effect.

23. **Entire Agreement; Modification.** This Warrant constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and undertakings of the parties, whether oral or written, with respect to such subject matter.

[Signature Page Follows]

The Company has caused this Warrant to be duly executed and delivered as of the Warrant Date specified above.

ENTERA BIO LTD.

_____

Name:

Title:

Address for Notices:

Entera Bio Ltd.
Jerusalem Bio Park
PO Box 12117
Jerusalem 91220
Tel: +972-54-535-2683
Attn: Dr. Phillip Schwartz

with a copy (which shall not constitute notice) to:

Adam M. Klein, Adv.
Goldfarb Seligman & Co.
Electra Tower
98 Yigal Alon Street
Tel Aviv 6789141, Israel
Fax: +972-3-608-9855

EXHIBIT A

NOTICE OF EXERCISE

To: Entera Bio Ltd. (the "**Company**")

1. The undersigned hereby elects to purchase _____ shares of [Applicable Shares] [Ordinary Shares] of the Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

2. Please issue a certificate or certificates representing _____ shares in the name of the undersigned:

_____

(Name)

_____

_____

(Address)

3. The undersigned confirms that the representations and warranties of the undersigned set forth in Sections 4.4 and 4.5 of the Series A Preferred Share Purchase Agreement by and between the Company and the Holder are true and correct as of the date hereof.

_____

(Signature)

_____

(Date)

EXHIBIT B

CHARTER

EXHIBIT C

FORM OF ASSIGNMENT

(To be executed only upon assignment of Warrant)

To: **Entera Bio Ltd.** Warrant No. ____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the attached Warrant, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ attorney, to transfer said Warrant on the books of the within-named Company with respect to the number of Shares set forth below, with full power of substitution in the premises:

Name(s) of Assignee(s)	**Address**	**Number of Shares**

If the number of shares specified to be transferred in this Form of Assignment shall not be all of the Shares purchasable under the Warrant, please issue a new Warrant in the name of the undersigned for the balance remaining of the Shares purchasable thereunder.

CENTILLION FUND

By: _____

_____
Printed Name

_____
Title

Exhibit 10.6

AMENDMENT TO

SERIES A PREFERRED SHARE PURCHASE AGREEMENT

This Amendment (this "**Amendment**"), dated June 18, 2014, amends that certain Series A Preferred Share Purchase Agreement by and between EnteraBio Ltd. and Centillion Fund, dated January 29, 2014 (the "**SPA**") as follows:

1. Section 9.10 of the SPA shall be amended to read as follows:

"9.10 Registration of Shares. The Company shall use its reasonable efforts to (i) file with the SEC a registration statement on Form F-1 for the purpose of effecting an initial public offering of its Ordinary Shares (the "**QIPO**") following the consummation of which the Company's shares shall be listed on the NASDAQ or NYSE MKT LLC (AMEX) no later than November 1, 2014, (ii) to appoint underwriters for the purpose of effecting the QIPO, and (iii) to consummate the QIPO no later than May 1, 2015.

2. Schedule 1.2(a) to the SPA (Milestone) shall be amended and replaced with the Schedule 1.2(a) attached as Exhibit A hereto.

All terms not otherwise defined herein shall have the meaning ascribed to such terms in the SPA

Any modifications to this Amendment or to the SPA must be in writing and signed by authorized representatives of both parties.

Other than as specifically stated above, the SPA shall remain unchanged. In the event of any inconsistency between the terms of this Amendment and the terms of the SPA, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first written above.

ENTERA BIO LTD.

By: /s/ Phillip Schwartz
Name: Phillip Schwartz
Title: CEO

CENTILLION FUND

By: /s/ Sean Ellis
Name: Sean Ellis
Title: C/O

EXHIBIT A

Schedule 1.2(a)

Milestone

Milestone Event	**Milestone Last Date**	**Milestone Investment Amount**	**Milestone Shares**
The company shall have filed with the SEC a Form F-1 for the purpose of effecting a QIPO for the purpose that following the consummation of which the Company's shares shall be listed on the NASDAQ or NYSE MKT LLC (AMEX) and by the initial filing of the Form F-1 the Company has appointed underwriters for such purpose, the identity of which to be approved by the Investor at its reasonable discretion	November 1, 2014	US$2,000,000	4,172 Preferred Shares
Consummation of the QIPO following which the Company's shares shall be listed on the NASDAQ or NYSE MKT LLC (AMEX)	May 1, 2015	US$1,000,000	2,086 Preferred Shares

SECOND AMENDMENT TO SERIES A PREFERRED SHARE PURCHASE AGREEMENT

This Second Amendment to the Series A Preferred Share Purchase Agreement, dated as of January 21, 2015 (this "Second Amendment"), amends that certain Series A Preferred Share Purchase Agreement by and between Entera Bio Ltd. and Centillion Fund, dated as of January 29, 2014, as amended by the Amendment thereto dated June 18, 2014 (as amended, the "Agreement"), as follows:

Recitals:

WHEREAS, although the last date for the achievement of the first Milestone Event set forth on Schedule 1.2(a) of the Agreement (as amended, "Schedule 1.2(a)") has passed, and the first Milestone Event has not been achieved, the parties wish to proceed with the First Milestone Closing (as defined below), subject to the terms and conditions set forth below; and

WHEREAS, as an inducement for the Investor to hold the first Milestone Closing by the First Milestone Closing Drop-Dead Date (as such term is defined below), the Company has agreed to issue an additional warrant to the Investor, subject to the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Regardless of whether or not the first Milestone Event has been achieved by the First Milestone Closing Drop-Dead Date, the Company and the Investor shall effect, within 10 days from the date hereof (the "First Milestone Closing Drop-Dead Date"), on a date to be mutually agreed upon by the Company and the Investor, a Milestone Closing (such Milestone Closing, the "First Milestone Closing") as to the First Milestone Event set forth on Schedule 1.2(a), for the Milestone Investment Amount and the Milestone Shares set forth opposite the First Milestone Event on Schedule 1.2(a), in accordance with the terms and conditions set forth in Section 2.4 of the Agreement.

2. Section 1.4 of the Agreement is hereby deleted in its entirety and replaced with the following:

"1.4 Warrants. Subject to the terms and conditions hereof, on each Closing Date the Company shall issue to the Investor a Warrant to acquire up to that number of Warrant Shares equal to the quotient determined by dividing (x) twenty five percent (25%) of the actual investment made by the Investor pursuant to this Agreement at such Closing by (y) the Price Per Share. In addition, subject to the First Milestone Closing occurring on or before the First Milestone Closing Drop-Dead Date, at the First Milestone Closing the Company shall issue to the Investor a warrant substantially in the form attached hereto as Exhibit B. The Company shall have secured all permits, consents and authorizations that

shall be necessary or required lawfully to consummate each such warrant described above and the issuance of the Warrant Shares underlying each such warrant."

3. Section 2.4.4 of the Agreement is hereby deleted in its entirety and replaced with the following:

"The Company shall deliver to the Investor a Warrant to acquire up to that number of Warrant Shares equals to the quotient determined by dividing (x) twenty five percent (25%) of the portion of the applicable Milestone Investment Amount by (y) the Price Per Share. In addition, subject to the First Milestone Closing occurring on or before the First Milestone Closing Drop-Dead Date, at the First Milestone Closing the Company shall deliver to the Investor a warrant substantially in the form attached hereto as Exhibit B."

4. Section 9.10 of the Agreement is hereby deleted in its entirety and replaced with the following:

"9.10 Registration of Shares. The Company shall use its reasonable efforts to (i) file with the SEC a registration statement on Form F-1 for the purpose of effecting an initial public offering of its Ordinary Shares following the consummation of which the Company's shares shall be listed on the NASDAQ or NYSE MKT LLC (AMEX) (the "**QIPO**") no later than April 1, 2015, (ii) appoint underwriters for the purpose of effecting the QIPO, and (iii) consummate the QIPO no later than October 1, 2015.

5. Schedule I .2(a) is hereby deleted in its entirety and replaced with the Schedule I .2(a) attached hereto.

6. Subject to the execution of this Second Amendment, the Company will pay the reasonable legal and other fees and expenses of the Investor in the amount of up to five thousand United States dollars ($5,000), plus value added tax if applicable, to Herzog Fox & Neeman representing the Investor in connection with the transactions contemplated under this Second Amendment, or any further amendment to this Second Amendment, which such amounts shall be paid directly by the Investor to Herzog Fox & Neeman by way of set-off of such amounts from the Milestone Investment Amount set forth opposite the First Milestone Event on Schedule I .2(a).

All terms not otherwise defined herein shall have the meaning ascribed to such terms in the Agreement.

Any modifications to this Second Amendment or to the Agreement must be in writing and signed by authorized representatives of both parties.

Other than as specifically stated above, the Agreement shall remain unchanged. In the event of any inconsistency between the terms of this Second Amendment and the terms of the Agreement, the terms of this Second Amendment shall control.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed by their respective officers thereunto duly authorized, as of the date first written above.

ENTERA BIO LTD.

By: /s/ Phillip Schwartz
Name: Phillip Schwartz
Title: CEO

CENTILLION FUND

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed by their respective officers thereunto duly authorized, as of the date first written above.

ENTERA BIO LTD.

By: _____
Name:
Title:

CENTILLION FUND

By: /s/ Sean Ellis
Name: Sean Ellis
Title: C/O

EXHIBIT B

Warrant

Attached hereto

Schedule 1.2(a)

Milestones

	Milestone Event	**Last Date for the Milestone Closing**	**Milestone Investment Amount**	**Milestone Shares**
First Milestone	The company shall have filed with the SEC a Form F-1 for the purpose of effecting a QIPO and by the initial filing of the Form F-1 the Company has appointed underwriters for such purpose, the identity of which to be approved by the Investor at its reasonable discretion	The First Milestone Closing Drop-Dead Date*	US$2,000,000	4,172 Preferred Shares
Second Milestone	Consummation of the QIPO	Notwithstanding anything to the contrary in the Agreement, the consummation date of the second Milestone Event provided that the consummation of the second Milestone Event shall occur no later than October 1, 2015**	US$1,000,000***	2,086 Preferred Shares

* For the avoidance of doubt, it is hereby clarified that regardless of whether or not he first Milestone Event has been achieved by the First Milestone Closing Drop-Dead Date, the final date by which the Investor may exercise its right under this Agreement to purchase from the Company any of the Milestone Shares as to this Milestone and, in connection therewith, to receive from the Company a Warrant to acquire Warrant Shares in accordance with Section 1.4 of this Agreement, shall be the First Milestone Closing Drop-Dead Date.

** For the avoidance of doubt, it is hereby clarified that the last date for the second Milestone Closing, by which the Investor may exercise its right under this Agreement to purchase from the Company any of the Milestone Shares as to the second Milestone and, in connection therewith, to receive from the Company a Warrant to acquire Warrant Shares in accordance with Section 1.4 of this Agreement, shall be October 1, 2015, provided that if the Company has not achieved the second Milestone by such date the Investor shall provide irrevocable written notice to the Company on or prior to such date if it wishes to extend the last date for the consummation of the second Milestone Event until some date thereafter up to and including October 1, 2017 (as shall be specified in such written notice) and the last date for the second Milestone Closing shall be extended accordingly.

*** In the event that the second Milestone Investment Amount is invested by the Investor in connection with the achievement of the second Milestone Event, then the Milestone Investment Amount shall be deposited with the Company a reasonable time prior to the second Milestone Closing, as shall be agreed upon between the Investor and the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed by their respective officers thereunto duly authorized, as of the date first written above.

ENTERA BIO LTD.

By: _____

Name:

Title:

CENTILLION FUND

By: /s/ Sean Ellis

Name: Sean Ellis

Title: C/O

Exhibit 10.8

July 20, 2017

Amendment to Series A Preferred Share Purchase Agreement

Reference is made to the Series A Preferred Share Purchase Agreement, dated as of January 29, 2014 and between Entera Bio Ltd. (the "**Company**") and Centillion Fund (the "**Investor**"), as amended on June 18, 2014, January 21, 2015 and November 2015 (as amended, the "**Agreement**"). Any capitalized terms used but not defined herein shall have such meaning provided to them in the Agreement.

The parties hereby agree that notwithstanding anything to the contrary, and in accordance with Section 10.4 of the Agreement, the terms of the Agreement are hereby amended as follows:

1) The last date for the consummation of the second Milestone Event is hereby extended to July 20, 2019 (the "**Cut-Off Date**").
2) Notwithstanding anything to the contrary, it is hereby agreed that effective as of the occurrence of the second Milestone Event and until the Cut-Off Date, the Investor shall have the option, at its sole discretion, to invest any or all of the Milestone Investment Amount. For the avoidance of doubt, such investment shall not be mandatory.
3) Schedule 1.2(a) of the Agreement is hereby amended so that the second Milestone Event shall be deemed to include any transaction pursuant to which the Company's shares will be listed for trading on the NASDAQ.

Except to the extent amended hereby, all of the definitions, terms, provisions and conditions set forth in the Agreement, as amended, are hereby ratified and confirmed and shall remain in full force and effect. The Agreement, as amended, and this Amendment shall be read and construed together as a single agreement.

[Signature page to follow]

In witness whereof, the parties have caused this Amendment to be executed and delivered by their duly authorized representatives, all as of the date first written above.

COMPANY:

ENTERA BIO LTD.

By: /s/ Phillip Schwartz

Name: Phillip Schwartz

Title: CEO

INVESTOR

CENTILLION FUND

By: /s/ Sean Ellis

Name: Sean Ellis

Title: C/O

[Signature Page / Amendment to Series A Preferred Share Purchase Agreement]

SERIES B PREFERRED SHARE PURCHASE AGREEMENT

THIS SERIES B PREFERRED SHARE PURCHASE AGREEMENT (the "Agreement") is made as of the 4 day of October, 2017 (the "Effective Date"), by and between Entera Bio Ltd., an Israeli company (the "Company") and the Investors whose names are listed in Exhibit A hereto (each, an "Investor" and collectively, the "Investors").

WHEREAS, the Company wish to raise capital from the Investors (the "Financing") by means of issuance of Series B Preferred Shares of the Company, with par value of NIS 0.01 per share (the "Preferred B Shares**"**), at a price per share of US $908.78 for each Preferred B Share (the "PPS"), for an aggregate purchase price of at least US $10,000,000 (the "Required Investment Amount") and up to a maximum investment amount of US $23,500,000 (the "Maximum Investment Amount") and up to a maximum of issuance of 25,858 Preferred B Shares (the "Maximum Purchased Shares");

WHEREAS, the Investors desire to invest in the Company pursuant to the terms and conditions more fully set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties hereby agree as follows.

1. The Transactions

1.1. Issuance and Purchase of the Preferred B Shares at the Initial Closing. Subject to the terms and conditions hereof (including without limitation, the receipt of at least the Required Investment Amount from the Initial Investors(as hereafter defined)), the Company shall issue and sell to Investors purchasing Preferred B Shares at the Initial Closing (the "Initial Investors"), and each of the Initial Investors shall, severally and not jointly, purchase from the Company (each in the amount set out in the Purchase Price column set out opposite each Initial Investor's name on Exhibit A, as may be amended at each of the Deferred Closing (as defined below)) at the Initial Closing (as defined below), the respective number of Preferred B Shares as set forth opposite to each Initial Investor's name in Exhibit A in consideration for a price per each share equal to the PPS. The aggregate investment amount to be invested by all Initial Investors at the Initial Closing shall be deemed as the "Initial Purchase Price", and aggregate number of Preferred B Shares to be purchased by all Initial Investors shall be deemed as the "Initial Purchased Shares".

1.2. Conversion of the 2016 Convertible Loans at the Initial Closing. Simultaneously with the Initial Closing, the Loan Obligations (as such term is defined in the 2016 CLA) extended to the Company pursuant to those certain Convertible Loan Agreements dated as of June 14, 2016 by the Lenders listed therein (the "2016 CLA"), shall be automatically converted into such number of Series B-1 Preferred Shares of the Company, par value of NIS 0.01 per share (the "Preferred B-1 Shares", and together with the Preferred B Shares, the "Class B Preferred Shares"), according to the terms and conditions of the 2016 CLA, and subject to tax withholding as required according to applicable tax laws.

1.3. Issuance and Purchase of Shares at Deferred Closing(s). Until October 25, 2017, the Company may, at its sole discretion, effect one or more deferred closings (each, a "Deferred Closing", and together with Initial Closing, the "Closing(s)"), on the same terms and conditions as those contained in this Agreement, and issue and allot at such Deferred Closings additional Preferred B Shares (in an amount not to exceed the Maximum Purchased Shares *minus* the Initial Purchased Shares) (the "Deferred Closing Shares") at the PPS, to one or more investors (including to the Lenders of the 2016 CLA according to its terms) (the "Additional Investors", as set forth in Exhibit A, as amended at the Deferred Closings, and together with the Initial Investors, the "Investors"). The aggregate investment amount to be invested by all Deferred Investors at the Deferred Closings shall be deemed as the "Deferred Purchase Price" (together with the Initial Purchase Price, the "Purchase Price"), and the aggregate number of

Preferred B Shares to be purchased by all Investors at the Deferred Closings shall be deemed as the "Deferred Purchased Shares" (together with the Initial Purchased Shares, the "Purchased Shares"). For the avoidance of doubt the Purchase Price shall not exceed the Maximum Investment Amount. Each Deferred Investor shall be required to execute the signature page of this Agreement. Exhibit A will be updated to reflect each Deferred Closing.

2. Initial Closing

2.1. Initial Closing. The transaction set forth in Sections 1.1 and 1.2 above shall take place at such date, time and place as the Company and the Initial Investors holding the majority of the Initial Purchase Price, including the affirmative consent of D.N.A Biomedical Solutions Ltd. (the "Majority Investors") shall mutually agree (the "Initial Closing", and the "Initial Closing Date").

2.2. Transactions at the Initial Closing. At the Initial Closing, the following transactions shall occur, which transactions shall be deemed to take place simultaneously and no transaction shall be deemed to have been completed or any document delivered until all such transactions have been completed and all required documents delivered:

2.2.1. The Company shall issue the Initial Purchased Shares to the Initial Investors, as provided in Section 1.1 hereof.

2.2.2. The Company shall deliver to the Initial Investors the following documents or cause the following actions to be completed:

2.2.2.1. Copies of minutes of the Company's shareholders, in the form attached hereto as Schedule 2.2.2.1(A), by which, among other things, (i) the share capital of the Company shall have been modified to create the new series of Class B Preferred Shares and the Existing Articles have been replaced with the Amended and Restated Articles of Association attached hereto as Schedule 2.2.2.1(B) (the "Amended Articles"), (ii) the shareholders of the Company shall have waived any preemptive in connection with the issuance of the Purchased Shares, and (iii) this Agreement and all other Transaction Documents (as defined below), shall have been approved;

2.2.2.2. Copies of minutes of the resolutions of the Board of Directors of the Company (the "Board"), in the form attached hereto as Schedule 2.2.2.2, by which the Company's Board (i) approves the issuance and the sale of the Initial Purchased Shares to the Initial Investors, (ii) recommends to the Company's shareholders to adopt the Amended Articles, and (iii) approves this Agreement and all other Transaction Documents;

2.2.2.3. Validly executed share certificates representing the Initial Purchased Shares, issued in the names of the Initial Investors, in the form attached hereto as Schedules 2.2.2.3;

2.2.2.4. The Company shall register the allotment of the Initial Purchased Shares to the Initial Investors in the Shareholders Register of the Company.

2.2.3. The Initial Investors shall, severally and not jointly, cause the transfer to the Company of the applicable portions of the Initial Purchase Price in consideration of the Initial Purchased Shares, by wire transfer to the Company's bank account as designated by the Company in writing prior to the Initial Closing.

2.2.4. The Company and the Initial Investors shall execute and deliver the Investors' Rights Agreement in the form attached hereto as Schedule 2.2.4 (the "IRA").

2.2.5. Each Investor, which is deemed to be an interested party as determined according to the Israeli Securities law shall execute and deliver to the company undertakings to the National Technological Innovation Authority (formerly the Israeli Office of the Chief Scientist - hereinafter referred to as the "OCS"), as required by the provisions of the Encouragement of Research, Development and Technological Innovation in the Industry Law 5744-1984 in the form attached hereto as Schedule 2.2.5 (the "OCS Undertakings").

3. Deferred Closing

3.1. Initial Closing. The transaction set forth in Section 1.3 above shall take place at such date, time and place as the Company shall determine at its sole discretion, in the form of one or more installments, provided that the last Deferred Closing shall occur no later than October 25, 2017 (each such Deferred Closing shall occur on a "Deferred Closing Date").

3.2. Transactions at the Deferred Closing. At the Deferred Closing, the following transactions shall occur, which transactions shall be deemed to take place simultaneously and no transaction shall be deemed to have been completed or any document delivered until all such transactions have been completed and all required documents delivered:

3.2.1. Each Deferred Investor shall execute the signature page of this Agreement.

3.2.2. The Company shall issue the Deferred Purchased Shares to the Deferred Investors, as provided in Section 1.3 hereof.

3.2.3. The Company shall deliver to the Deferred Investors validly executed share certificates representing the Deferred Purchased Shares, issued in the names of the Deferred Investors, and shall register the allotment of the Deferred Purchased Shares to the Deferred Investors in the Shareholders Register of the Company.

3.2.4. The Deferred Investors shall, severally and not jointly, cause the transfer to the Company of the applicable portions of the Deferred Purchase Price in consideration of the Deferred Purchased Shares, by wire transfer to the Company's bank account as designated by the Company in writing prior to the Deferred Closing.

3.2.5. The Deferred Investors shall execute and deliver the IRA.

3.2.6. Each Deferred Investor, which is deemed to be an interested party as determined according to the Israeli Securities law shall execute and deliver to the company the OCS Undertaking.

4. **Representations and Warranties of the Company**

The Company hereby represents and warrants to the Investors, that except as set forth on the Disclosure Schedule attached as Exhibit 4 to this Agreement (the "Original Disclosure Schedule"), which exceptions shall be deemed to be part of the of the representations and warranties made hereunder (and which may be amended from time to time), the each of the representations and warranties contained in this Section 4 is true in all material respects as of the date hereof, the Initial Closing Date and the Deferred Closing Dates (or, if a representation or warranty is made as of a specified date, as of such date), provided that the Company may amend and update the Disclosure Schedule (the "Amended Disclosure Schedule", and together with the Original Disclosure Schedule, the "Disclosure Schedule") and provide the Investors with the Amended Disclosure Schedule prior to each Deferred Closing (for avoidance of doubt, each Amended Disclosure Schedule shall be deemed as Disclosure Schedule for all intents and purposes under this Agreement), and acknowledges that the Investors are entering into this Agreement in reliance thereon, as follows.

4.1. 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. The Company has all requisite power and authority to execute and deliver the Transaction Documents and to consummate the transactions contemplated hereby and thereby. The Articles of Association of the Company as in effect immediately prior to the Initial Closing (until the adoption of the Amended Articles) are attached hereto as Schedule 4.1 (the "Existing Articles").

4.2. Subsidiaries. The Company has no subsidiaries and does not otherwise own or control, directly or indirectly, any equity interest in any corporation, association or business entity.

4.3. Capitalization. The capitalization table of the Company attached hereto as Schedule 4.3 (the "Capitalization Table"), sets forth the number and class of shares held by each shareholder of the Company, the total number of reserved and granted/promised options, warrants to purchase the share capital of the Company immediately prior to and immediately following the Initial Closing. The post-closing Capitalization Table as of the Effective Date reflects an Initial Purchase Price of US $10,000,000, provided however that such Capitalization Table shall be updated upon the Initial Closing to reflect the actual Initial Purchase Price, which in any case shall be at least US $10,000,000. All issued and outstanding share capital of the Company has been duly authorized, and is validly issued and outstanding and fully paid and non-assessable. The Purchased Shares, when issued, sold and delivered in accordance with this Agreement, will be duly authorized, validly issued, fully paid, non-assessable, free of any preemptive rights, will have the rights, preferences, privileges, and restrictions set forth in the Amended Articles, and duly registered in the name of each Investor in the Company's register of shareholders.

4.4. Authorization; Approvals. All corporate action on the part of the Company necessary for the authorization, execution, delivery, and performance of all of the Company's obligations under this Agreement and any and all other agreements executed or documents delivered in connection herewith or therewith (collectively, the "Transaction Documents"), and for the authorization, issuance, and sale of the Purchased Shares being sold under this Agreement has been (or will be) taken prior to the Initial Closing. The Transaction Documents, when executed and delivered by or on behalf of the Company shall constitute the valid and legally binding obligations of the Company and legally enforceable against the Company in accordance with their respective terms. Other than the execution of undertakings to the OCS by certain Investors, if required by law, no consent, approval, order, license, permit, action by, or authorization of or designation, declaration, or filing with any governmental authority on the part of the Company is required that has not been, or will not have been, obtained by the Company prior to the Initial Closing in connection with the valid execution, delivery and performance of the Transaction Documents or the offer, sale, or issuance of the Preferred Series B Shares other than filings with the Israeli Registrar of Companies to be effected following the Initial Closing.

4.5. No Breach. Neither the execution and delivery of any of the Transaction Documents nor compliance by the Company with the terms and provisions thereof, will conflict with, or result in a breach or violation of, any of the terms, conditions and provisions of: (i) the Existing Articles, (ii) any judgment, order, injunction, decree, or ruling of any court or governmental authority, domestic or foreign, (iii) any material agreement to which the Company is a party or to which it is subject, or (iv) applicable law.

4.6. Litigation. To the knowledge of the Company, no action, suit, litigation, proceeding or audit, nor an examination of any governmental entity of which the Company was notified, nor any governmental inquiry or investigation is pending or, to the knowledge of the Company, threatened against the Company, before any court, arbitration board or tribunal or administrative or other governmental agency.

4.7. Government Funding. Other than a grant of approximately US $450,000 from the OCS,

the Company has not received any grant or other support or benefits (including, without limitation, tax benefits) from any Israeli or foreign government entity or agency.

4.8. Limitation of Liability. Each representation made herein by the Company is deemed to be made on the date of the Initial Closing and shall survive and remain in full force and effect after the Initial Closing for a period of one (1) year from the Initial Closing Date. The Company's liabilities towards each Investor in connection with the Company's representations and warranties shall be limited to the amount invested by such Investor hereunder. Notwithstanding the above, no claim or claims under this Section 1.1 shall be brought, unless the aggregate amount of such claim(s) shall exceed US $100,000, provided that in case of a claim or claims in excess of the aforesaid threshold, the claim will apply for the entire amount (i.e., from the first dollar).

4.9. Additional Representations and Warranties. The Company hereby represents and warrants to the Investors the additional representations set forth in Exhibit 4.9 to this Agreement.

5. Representations and Warranties of the Investors

Each Investor hereby represents and warrants, severally and not jointly, as of the Initial Closing Date, to the Company as follows:

5.1. Experience; Speculative Nature of Investment. The Investor has experience in evaluating and investing in private placement transactions of securities in companies similar to the Company so that it is capable of evaluating the merits and risks of its investment in the Company and has the capacity to protect its own interests. Such Investor further acknowledges that this Agreement and the issuance of the Purchased Shares hereunder do not constitute a promise or guaranty by the Company or its shareholders or directors as to the financial or commercial success of the Company or the future value of its shares.

5.2. Investment. Such Investor is acquiring the Purchased Shares for investment for its own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof, and such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same, in each case, unless otherwise agreed in writing prior to or on the Effective Date by the Company and the Investor.

5.3. Enforceability. The Transaction Documents, when executed and delivered by such Investor, will constitute valid and legally binding obligations of the Investor, enforceable in accordance with their terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies.

5.4. Authorization. The execution, delivery and performance of the obligations of such Investor hereunder have been duly authorized by all necessary corporate action.

5.5. Due Diligence. The Investor has had an opportunity to ask the Company questions regarding the business, properties, prospects and financial condition of the Company. The Investor acknowledges that any projections provided (if any) by the Company are uncertain in nature, and that some or all of the assumptions underlying such projections may not materialize or will vary significantly from actual results

5.6. Accredited Investor. The Investor is an "accredited investor" within the meaning of Rule 501 under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act").

5.7. Restricted Securities. The Purchased Shares have not been and will not be registered under the Securities Act or any state securities laws and, therefore, cannot be resold unless they are

registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. Each Investor is aware that, except as set forth in the IRA, the Company is under no obligation to effect any such registration or to file for or comply with any exemption from registration. The sale and issuance of the Purchased Shares have not been registered under the Securities Act by reason of a specific exemption from registration which depends upon, among other things, the accuracy of the Investor's representations as expressed herein.

5.8. The Investor understands that the Purchased Shares and any securities issued in respect of or exchange for the Purchased Shares, may be notated with one or all of the following legends:

"THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933."

(a) Any legend set forth in, or required by, the other Transaction Agreements.

(b) Any legend required by the securities laws of any state to the extent such laws are applicable to the Shares represented by the certificate, instrument, or book entry so legended.

6. Conditions of Closing of the Investors

The obligations of the Investors to transfer the applicable Purchase Price at each of the Initial and Deferred Closings, as applicable, are subject to the fulfillment at or before the applicable Closings of the following conditions precedent, any one or more of which may be waived in whole or in part by the Investors, which waiver shall be at the sole discretion of the Majority Investors in the event of the Initial Closing, or the investors holding the majority of the Purchase Price of each Deferred Closing, as applicable:

6.1. The representations and warranties made by the Company in this Agreement shall have been true and correct when made, and shall be true and correct as of the applicable Closing as if made on the date of the applicable Closing.

6.2. All covenants, agreements, and conditions (including all corporate proceedings) contained in this Agreement to be performed or complied with by the Company prior to the applicable Closing shall have been performed or complied with by the Company prior to or at the applicable Closing.

6.3. The Company shall have secured all permits, consents and authorizations that shall be necessary or required lawfully to consummate this Agreement, if any, and to issue the applicable Purchased Shares at the applicable Closing.

6.4. All of the documents to be delivered by the Company pursuant to Sections 2.2 or 3.2, as applicable, shall have been delivered to the Investors.

7. **Conditions of Closing of the Company**

The Company's obligations at each of the Initial and Deferred Closings shall be subject to:

7.1. The Investors causing the transfer to the Company of the applicable Purchase Price for the applicable Purchased Shares.

7.2. The representations and warranties made by the Investors herein shall have been true and correct in all respects when made and shall be true and correct on the date of the applicable Closing.

7.3. All covenants, agreements and conditions contained in this Agreement to be performed, or complied with, by the Investors prior to the applicable Closing, shall have been performed or complied with by the Investors.

7.4. All of the documents to be delivered by the Investors pursuant to Sections 2.2 or 3.2, as applicable, shall have been delivered to the Company.

8. Conditions of Initial Closing of the Company and the Investors; Termination. The Investors' and the Company's obligations at the Initial Closing shall be subject to the receipt by the Company of an aggregate Initial Purchase Price from the Investors in an amount of at least US $10,000,000. Notwithstanding anything to the contrary in this Agreement, if the closing condition set forth in this Section 8 is not met by October 25, 2017 (the "Cut-off Date"), then this Agreement shall effective as of the Cut-off Date immediately and automatically terminate and be of no force and effect, without requiring any further actions on behalf of the either of the parties to this Agreement, and neither of the parties to this Agreement shall have any further obligations or claims to any of the other parties to this Agreement following the termination of this Agreement according to this Section 8.

9. Miscellaneous

9.1. Further Assurances. From and after the date of this Agreement, upon the request of the Company, the Company and the Investors shall execute and deliver such instruments, documents and other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

9.2. No Public Disclosure. Other than with respect to publishing a prospectus by the Company in connection with a future initial public offering of its securities, with respect to the Lenders pursuant to the Convertible Loans, or with respect to potential future investors and/or lenders to the Company, no party hereto shall publicly announce or disclose the existence of this Agreement or its terms and conditions, or advertise or release any publicity regarding this Agreement or the transactions contemplated hereunder (the "Transaction Terms"), without the prior written consent of the Company and the Majority Investors, except that (i) the parties hereto may disclose to third parties any information regarding the Transaction Terms which is known or becomes known to the public in general (other than as a result of a breach of this Section 9.2 by the disclosing party), and (ii) the parties hereto may disclose Transaction Terms to the extent legally required in order to comply with any court order, applicable law or order from regulatory authorities.

9.3. Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Israel, excluding that body of law pertaining to conflict of law. The competent courts in Tel Aviv-Jaffa district shall have exclusive jurisdiction over any dispute or claim arising in connection with or as a result of this Agreement; *provided however* that notwithstanding the foregoing, only with respect to any individual Investor who is a resident of the United States of America or Canada or any Investor who is a legal entity incorporated in the United States of America or Canada: (i) each of the Company and any such Investor hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper; (ii) the Company and such Investor hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to the Company at the address set forth in this Agreement and agrees that such service

shall constitute good and sufficient service of process and notice thereof; (iii) nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law; and (iv) the prevailing party, as determined by such court shall be entitled to collect any costs, disbursements and reasonable attorney's fees from the other party.

9.4. Successors and Assigns; Assignment. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto. None of the rights, privileges, or obligations set forth in, arising under, or created by this Agreement may be assigned or transferred without the prior consent in writing of each party to this Agreement, with the exception of the transfer of the applicable Purchased Shares by an Investor according to the terms and conditions of the Amended Articles.

9.5. Entire Agreement; Amendment and Waiver. This Agreement and the Schedules attached hereto constitute the full and entire understanding and agreement between the parties with regard to the subject matters hereof and thereof. Any term of this Agreement may be amended and the observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of the Company and the Investors holding the majority of the Purchase Price, including the affirmative consent of D.N.A Biomedical Solutions Ltd.

9.6. Notices, etc. All notices and other communications required or permitted hereunder to be given to a party to this Agreement shall be in writing and shall be faxed, or mailed, postage prepaid, or otherwise delivered by electronic mail, hand or by guaranteed courier, addressed to such party's address as set forth below or at such other address as the party shall have furnished to each other party in writing in accordance with this provision:

if to the Investors: The address set forth in the signature page.

if to the Company:
Entera Bio Ltd.
Jerusalem Bio Park
PO Box 12117
Jerusalem 91220
Tel: +972-54-535-2683
Attn: Dr. Phillip Schwartz
E-mail: phillip@enterabio.com

with a copy (which shall not constitute notice) to:
Herzog Fox & Neeman,
4 Weizmann Street,
Tel-Aviv 6423904, Israel
Attn: Yair Geva, Adv.; Tomer Farkash, Adv.
Fax no. +972-3-6966464
Email: gevay@hfn.co.il, farkasht@hfn.co.il

or such other address with respect to a party as such party shall notify each other party in writing as above provided. Any notice sent in accordance with this Section 9.6 shall be effective (i) if mailed, two (2) business days after mailing, (ii) if sent by guaranteed courier, the second day following pick-up by the guaranteed courier, and (iii) if faxed, upon transmission and electronic confirmation of receipt or (if transmitted and received on a non-business day) on the first business day following transmission and electronic confirmation of receipt. Notices sent by electronic mail shall be deemed received upon confirmation of receipt of such electronic mail message.

9.7. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default under this Agreement shall be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any of the parties, shall be cumulative and not alternative.

9.8. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this 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.

9.9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall constitute one and the same instrument.

9.10. Expenses. Each Party shall be responsible and shall bear its own respective costs and expenses related to this Agreement and the performance of its obligations hereunder, including all of its respective tax consequences.

9.11. Headings. Article, Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the parties have signed this Series B Preferred Share Purchase Agreement as of the date first hereinabove set forth.

The Company:

ENTERA BIO LTD.

By: /s/ Phillip Schwartz
Name: Phillip Schwartz
Title: CEO

[Signature Page to Entera Bio Ltd. Series B Preferred SPA]

The Investor:

By: _____
Name: _____
Title: _____
Address: _____

Purchase Price:
US$ _____

[Signature Page to Entera Bio Ltd. Series B Preferred SPA]

Exhibit A

Investors

Initial Closing – October 4, 2017

Name of Investor	Address	Purchase Price at the Initial Closing (in US$)	Number of Preferred B Shares to be purchased at the Initial Closing
D.N.A. Biomedical Solutions Ltd.	[Intentionally omitted]	6,000,000.00	6,602
Robert Stricker		99,965.80	110
Jean Marc Bara		99,965.80	110
Gary S. Gladstein 2009 Revocable Trust		125,411.60	138
Ruth T. Benanav Revocable Trust)		124,502.86	137
Efrat Investments		49,982.90	55
FirstFire Global Opportunities Fund LLC		49,982.90	55
Thomas J. Holevas		49,982.90	55
Harold and Nancy Jacob		24,537.06	27
Gil Barel		49,982.90	55
Oren Elbaz		29,989.74	33
Avi Domoshevizki		49,982.90	55
Piada Investment		99,965.80	110
Rosalind Capital Partners L.P		567,078.72	624
Rosalind Master Fund L.P.		232,647.68	256
Gerald Lieberman	[Intentionally omitted]	99,965.80	110
Centillion Fund	[Intentionally omitted]	324,434.46	357
Gal Gordon		49,982.90	55
Revach Fund LP Investment		12,726.00	14
Phillip Schwartz		5,453.00	6
Northlea Partners LLLP	[Intentionally omitted]	24,537.06	27
Republic Construction Corporation	[Intentionally omitted]	25,445.84	28

Name of Investor	Address	Purchase Price at the Initial Closing (in US$)	Number of Preferred B Shares to be purchased at the Initial Closing
Joe N. & Jamie W. Behrendt Revocable Trust dtd 10/30/96	[Intentionally omitted]	24,537.06	27
Gibralt US, Inc.	[Intentionally omitted]	249,914.50	275
Bozarth LLC	[Intentionally omitted]	49,982.90	55
Richard A Brown Trust	[Intentionally omitted]	127,229.20	140
Alexander J. Brown Trust	[Intentionally omitted]	127,229.20	140
Robert G. Curtin	[Intentionally omitted]	27,263.40	30
Robert G. Curtin 401k	[Intentionally omitted]	299,897.40	330
Rob DeSantis	[Intentionally omitted]	199,931.60	220
Stephen A. DiChiara	[Intentionally omitted]	29,989.74	33
James L. Dritz	[Intentionally omitted]	25,445.84	28
Norm Dumbroff	[Intentionally omitted]	19,993.16	22
Robert D. Frankel	[Intentionally omitted]	14,540.48	16
Charles Freeland	[Intentionally omitted]	9,996.58	11
John P. Funkey Revocable Trust dtd 2/26/90	[Intentionally omitted]	19,993.16	22
John O. Gallant	[Intentionally omitted]	39,986.32	44
Albert Gentile & Hiedi Gentile	[Intentionally omitted]	29,989.74	33
Richard Gostanian	[Intentionally omitted]	49,982.90	55
Gubbay Investments LLC	[Intentionally omitted]	34,533.64	38
Joel L. Hochman Revocable Trust UAD 12/8/1994	[Intentionally omitted]	49,982.90	55
Edward O'Connell	[Intentionally omitted]	19,993.16	22

Name of Investor	Address	Purchase Price at the Initial Closing (in US$)	Number of Preferred B Shares to be purchased at the Initial Closing
Michael J. Pierce	[Intentionally omitted]	249,914.50	275
Casimir S. Skrzypczak	[Intentionally omitted]	29,989.74	33
David & Susan Stollwerk	[Intentionally omitted]	24,537.06	27
Howard Stringer	[Intentionally omitted]	24,537.06	27
Clayton Struve	[Intentionally omitted]	49,982.90	55
Raphael Tshibangu	[Intentionally omitted]	25,445.84	28
The Elizabeth M. Walenczyk 2011 Revocable Trust	[Intentionally omitted]	99,965.80	110
Michael Zimmerman	[Intentionally omitted]	18,175.60	20

Deferred Closing Investors – October 25, 2017

Name of Investor	Address	Purchase Price at the Deferred Closing (in US$)	Number of Preferred B Shares to be purchased at the Deferred Closing
Asaf Oren		49,982.90	55
Lars Bader	[Intentionally omitted]	500,737.78	551
Yisroel Brauner & Chana Brauner	[Intentionally omitted]	50,891.68	56
Meryle Evans Family Trust	[Intentionally omitted]	50,891.68	56
Andrew & Melissa Fisher	[Intentionally omitted]	50,891.68	56
Walter G. Gans	[Intentionally omitted]	18,175.60	20
M & M Investors (Partnership)	[Intentionally omitted]	99,965.80	110

Name of Investor	Address	Purchase Price at the Deferred Closing (in US$)	Number of Preferred B Shares to be purchased at the Deferred Closing
Clay Lebhar	[Intentionally omitted]	50,891.68	56
Clyde Smith McGregor & LeAnn Pedersen Pope Revocable Trust U/A/D 10/22/16	[Intentionally omitted]	908,780.00	1,000
Daniel Michael	[Intentionally omitted]	49,982.90	55
Gilbert S. Omenn	[Intentionally omitted]	100,874.58	111
David M. Rickey Trust dtd 5/8/02	[Intentionally omitted]	25,445.84	28
Dyke Rogers	[Intentionally omitted]	50,891.68	56
Sack Investment Holdings SAS, LLC	[Intentionally omitted]	49,982.90	55
Sack Family Partners, LP	[Intentionally omitted]	49,982.90	55
Whiting Holdings, LP	[Intentionally omitted]	100,874.58	111

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (this "**Agreement**") is made as of the 4 day of October, 2017 (the "**Effective Date**"), by and among Entera Bio Ltd., an Israeli company (the "**Company**") and those individuals and entities listed on Schedule A hereto (including each of the 2012 Lenders which are party to a convertible financing agreement entered into with the Company as of November 2012) (the "**Investors**").

W I T N E S S E T H:

WHEREAS, the Company and several of its shareholders and noteholders are party to that certain Amended and Restated Investors Rights Agreement (the "**Prior Agreement**");

WHEREAS, the parties wish to enter into this Agreement and to amend and restatethe Prior Agreement, in accordance with Section 3.4 of the Prior Agreement, as set forth below.

NOW, THEREFORE, the parties hereby agree as follows:

1. **Affirmative Covenants**.

1.1 Delivery of Financial Statements. The Company shall, subject to Section 1.5 below, deliver to each of the Major Holders (as defined below):

1.1.1. As soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Company, a balance sheet of the Company as of the end of such year, and statements of income and statements of cash flow of the Company for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with International Financial Reporting Standards ("IFRS"), audited by an accounting firm in the State of Israel associated with one of the "Big 4" firms of Independent Certified Public Accountants, and accompanied by an opinion of such firm which opinion shall state that such balance sheet, statements of income and cash flow have been prepared in accordance with IFRS applied on a basis consistent with that of the preceding fiscal year, and present fairly and accurately the financial position of the Company as of their date, and that the audit by such accountants in connection with such financial statements has been made in accordance with IFRS;

1.1.2. As soon as practicable, but in any event within sixty (60) days after the end of the first three quarters of each fiscal year of the Company, an unaudited balance sheet of the Company as of the end of each such period and unaudited statements of (i) income and (ii) cash flow of the Company for such period and, in the case of the first, second and third quarterly periods, for the period from the beginning of the current fiscal year to the end of such quarterly period, setting forth in each case in comparative form the figures for the corresponding period of the previous fiscal year, all in reasonable detail, and certified, by the chief financial officer (or if none, by the chief executive officer) of the Company, that such financial statements were prepared in accordance with IFRS applied on a basis consistent with that of preceding periods and, except as otherwise stated therein, fairly present the financial position of the Company as of their date subject to changes resulting from year-end audit adjustments, and all reviewed by an accounting firm in the State of Israel associated with one of the "Big 4" firms of Independent Certified Public Accountants;

1.1.3. Promptly upon request of the Major Holder, an up-to-date capitalization table of the Company, showing the number of shares of each class and series of share capital and securities convertible into or exercisable for shares of share capital outstanding at the end of the period, the Ordinary Shares issuable upon conversion or exercise of any outstanding securities convertible or exercisable for Ordinary shares and the exchange ratio or exercise price applicable thereto, and the number of shares of issued share options and share options not yet issued but reserved for issuance, if any, all in sufficient detail as to permit the Major Holder to calculate its

respective percentage equity ownership in the Company, and certified by the chief financial officer or chief executive officer of the Company as being true, complete, and correct.

1.2 Reserved.

1.3 Accounting. The Company shall maintain and cause each of its Subsidiaries (as defined below) to maintain a system of accounting established and administered in accordance with IFRS consistently applied, and will set aside on its books and cause each of its operating Subsidiaries to set aside on its books all such proper reserves as shall be required by IFRS. For purpose of this Agreement, a "**Subsidiary**" means any corporation or entity at least a majority of whose voting securities are at the time owned by the Company, or by one or more of its Subsidiaries, or by the Company and one or more of its Subsidiaries.

1.4 Confidentiality. Each of the parties hereto agrees that any confidential information obtained from the Company, including, without limitation, pursuant to Section 1.1 will be held in strict confidence, will not be disclosed to any person or entity without the prior written consent of the Company and will not be used for any purpose, other than with respect to such party's rights as a shareholder in the Company, unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 1.4 by such party), (b) is or has been independently developed or conceived by such party without use of or reference to the Company's confidential information, or (c) is or has been made known or disclosed to such party by a third party without a breach of any obligation of confidentiality such third party may have to the Company; *provided* that such party may disclose confidential information to its (i) attorneys, accountants and consultants, to the extent necessary to obtain their services in connection with monitoring its investment or holdings in the Company, (ii) to any prospective purchaser of any Registrable Securities from such party, provided that such prospective purchaser is not a competitor of the Company, agrees to be bound by the provisions of this Section 1.4 and prior to any such disclosure executes a confidentiality agreement acceptable to the Company in its reasonable discretion, (iii) to any existing or prospective Affiliate, partner, member, stockholder, or wholly owned subsidiary of such party in the ordinary course of business, *provided* that such party informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information and prior to any such disclosure executes a confidentiality undertaking similar to those under this Section 1.4; or (iv) as may otherwise be required by law, *provided* that such party promptly notifies the Company of such disclosure, takes reasonable steps to minimize the extent of any such required disclosure and at the request of the Company provides reasonable assistance in obtaining an order protecting the information from public disclosure.

1.5 Termination of Financial Information Rights. The Company's obligation to deliver the financial statements and other information under Section 1.1 shall terminate and shall be of no further force or effect (i) immediately upon the closing of the Company's underwritten public offering of the Company's shares pursuant to an effective registration statement under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or other equivalent law of another jurisdiction (ii) when the Company (or any surviving or successor entity) becomes subject to the periodic reporting requirements under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, or (iii) upon a Deemed Liquidation Event, as such term is defined in the Amended Articles, whichever event occurs first.

1.6 Covered Persons. The Company acknowledges that Centillion Fund and its affiliates, members, equity holders, director representatives, partners, employees, agents and other related persons are engaged in the business of investing in private and public companies in a wide range of industries, including the industry segment in which the Company operates (the "**Company Industry Segment**"). Accordingly, the Company and Centillion Fund acknowledge and agree that a Covered Person shall, subject to any applicable law, including without limitation, with respect to any Covered Person which is a member of the Board, his fiduciary duties and the

provisions of sections 254 and 255 of the Israeli Companies Law, 1999, as shall be amended from time to time:

(a) have no duty to the Company to refrain from participating as a director, investor or otherwise with respect to any company or other person or entity that is engaged in the Company Industry Segment or is otherwise competitive with the Company, and

(b) in connection with making investment decisions, to the fullest extent permitted by law, have no obligation of confidentiality or other duty to the Company to refrain from using any information, including, but not limited to, market trend and market data, which comes into such Covered Person's possession, whether as a director, investor or otherwise (the "**Information Waiver**"), provided that the Information Waiver shall not apply, and therefore such Covered Person shall be subject to such obligations and duties as would otherwise apply to such Covered Person under applicable law, if the information at issue (i) constitutes material non-public information concerning the Company or otherwise subject to confidentiality obligation of Centillion Fund towards the Company, including under Section 1 herein, or (ii) is covered by a contractual obligation of confidentiality to which the Company is subject.

1.6.1. Notwithstanding anything in this Section 1.6 to the contrary, nothing herein shall be construed as a waiver of any Covered Person's duty of loyalty or obligation of confidentiality with respect to the disclosure of confidential information of the Company including without limitation such non-use and confidentiality obligations with respect to information provided pursuant to this Agreement and/or such obligations and duties of any member of the Board of Directors.

1.6.2. For the purpose of this Section 1.6, "**Covered Persons**" shall mean the Preferred A Director.

1.7 FCPA. The Company represents that it shall not -- and shall not permit any of its Subsidiaries or Affiliates or any of its or their respective directors, officers, managers, employees, independent contractors, representatives or agents to -- promise, authorize or make any payment to, or otherwise contribute any item of value to, directly or indirectly, any Non-U.S. Official, in each case, in violation of the United States Foreign Corrupt Practices Act ("**FCPA**") the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law. The Company further represents that it shall -- and shall cause each of its Subsidiaries and Affiliates to -- cease all of its or their respective activities, as well as remediate any actions taken by the Company, its Subsidiaries or Affiliates, or any of their respective directors, officers, managers, employees, independent contractors, representatives or agents in violation of the FCPA the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law. The Company further represents that it shall -- and shall cause each of its Subsidiaries and Affiliates to -- maintain systems of internal controls (including, but not limited to, accounting systems, purchasing systems and billing systems) to ensure compliance with the FCPA the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law.

1.8 Post-IPO Board. Following an IPO or the Registration of the Registrable Securities pursuant to a Registration Statement, whichever occurs first, (i) pursuant to which the Company's Ordinary Shares shall be listed on the NASDAQ or NYSE MKT LLC (AMEX), so long as Centillion Fund and its Affiliates hold an aggregate of at least ten percent (10%) of the Company's issued and outstanding Ordinary Shares and subject to applicable law, the Company shall nominate, if so requested by Centillion Fund, a designee of Centillion Fund for election by the Company's shareholders as a member of the Company's Board and shall recommend that the Company's shareholders vote in favor of such election and (ii) the rights of those lenders which are party to that certain Convertible Financing Agreement with the Company dated as of November 2012 (as listed therein, the "2012 Lenders") to collectively elect one member of the Company's Board of Directors set forth in Section 10.1 thereof shall immediately, upon the

consummation of such IPO or the Registration of the Registrable Securities on a Registration Statement pursuant to Section 2.1(a)(i), whichever occurs first, terminate, and (iii) the rights of those lenders which are party to that certain Convertible Financing Agreement with the Company dated as of June 14, 2016 ("2016 CLA") to collectively elect one member of the Company's Board of Directors shall immediately, upon the consummation of such IPO or the Registration of the Registrable Securities on a Registration Statement pursuant to Section 2.1(a)(i), whichever occurs first, terminate.

1.9 Right to Conduct Activities. The Company hereby agrees and acknowledges that Centillion Fund (together with its Affiliates) is a professional investment fund, and as such invests in numerous portfolio companies, some of which may be deemed competitive with the Company's business (as currently conducted or as currently propose to be conducted). The Company hereby agrees that, to the extent permitted under applicable law, Centillion Fund shall not be liable to the Company for any claim arising out of, or based upon, (i) the investment by Centillion Fund in any entity competitive with the Company, or (ii) actions taken by any partner, officer or other representative of Centillion Fund to assist any such competitive company, whether or not such action was taken as a member of the board of directors of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; provided, however, that the foregoing shall not relieve (x) Centillion Fund from liability associated with the unauthorized disclosure of the Company's confidential information obtained pursuant to this Agreement, or (y) any director or officer of the Company from any liability associated with his or her fiduciary duties to the Company.

2. **Registration**. The following provisions govern the registration of the Company's securities:

2.1 Definitions. As used in this Agreement, the following terms have the following meanings:

2.1.1. "**Affiliate**" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer or director of such Person or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person.

2.1.2. "**Amended Articles**" means the Amended and Restated Articles of Association of the Company as in effect from time to time.

2.1.3. "**DNA Registrable Securities**" means aggregate amount of 11,000 Ordinary Shares, Preferred Shares and Ordinary Shares issued or issuable upon conversion of Preferred Shares, in each case which were originally issued to DNA, provided that if the IPO or Registration Statement of the Company's Ordinary Shares for trading by the Cutoff Date pursuant to Section 2.1(a)(i), then such number of Ordinary Shares shall be increased to 14,000; in each case, whether such shares have been transferred to any other shareholders of the Company on or following the Effective Date.

2.1.4. "**Holder**" means any holder of outstanding Registrable Securities (as defined below) or shares convertible into Registrable Securities, who acquired such Registrable Securities or shares convertible into Registrable Securities in a transaction or series of transactions not involving any registered public offering, and who is a party to this Agreement. Notwithstanding anything to the contrary herein, for the purpose of Sections 2.3 and 2.4 below, the 2012 Lenders shall not be deemed to be Holders.

2.1.5. "**Form F-3**" means Form F-3 under the Securities Act, as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by

the Securities and Exchange Commission ("**SEC**") which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

2.1.6. "**IPO**" means the closing of the Company's initial underwritten public offering of its Ordinary Shares pursuant to an effective Registration Statement, or equivalent law of another jurisdiction.

2.1.7. "**Major Holders**" means any Holder that, individually or together with such Holder's Permitted Transferee (as defined in the Amended Articles), holds at 5% of the Company's issued and outstanding share capital. Notwithstanding anything to the contrary herein, for the purpose of Section 1 above, D.N.A. Biomedical Solutions Ltd ("**DNA**") and the 2012 Lenders shall not be deemed to be Major Holders.

2.1.8. "**Ordinary Shares**" means shares of the Company's Ordinary Shares, par value NIS 0.01 per share.

2.1.9. "**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

2.1.10. "**Preferred Shares**" means shares of the Company's Series A Preferred Shares, par value NIS 0.01 per share, Series B Preferred Shares, par value NIS 0.01 per share and Series B-1 Preferred Shares, par value NIS 0.01 per share.

2.1.11. "**Register**", "registered" and "registration" refer to a registration effected by filing a Registration Statement in compliance with the Securities Act and the declaration or ordering by the SEC of effectiveness of such Registration Statement, or the equivalent actions under the laws of another jurisdiction.

2.1.12. "**Registrable Securities**" means all (i) Ordinary Shares issued or issuable upon conversion of Preferred Shares (including all Preferred Shares issuable following January 29, 2014 and upon exercise of the warrants to purchase Preferred Shares), and all Ordinary Shares or Preferred Shares of any Holder may purchase on or following January 29, 2014 pursuant to its preemptive rights, rights of first refusal, options, warrants or otherwise, and (ii) Ordinary Shares of any Holder which were purchased prior to January 29, 2014 (the "**Ordinary Registrable Securities")**; excluding in all cases, however, any Registrable Securities sold by a Person in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Section 2.9 and any Registrable Securities the sale of which by the Holder thereof are not subject to any holding period or volume limitations set forth in Rule 144 under the Securities Act.

2.1.13. "**Registration Statement**" means the registration statement of the Company filed under the Securities Act covering the Registrable Securities.

2.1(a) Registration of Securities. Notwithstanding anything else to the contrary in this Agreement, (i) the Company shall have filed a Registration Statement of the Company's Ordinary Shares and shall use its best efforts that such Registration Statement will be declared effective by the SEC for trading no later than February 28, 2018 ("**Cutoff Date**"**)**, and (ii) Company shall use its best efforts to apply for an approval from NASDAQ for the Company's Ordinary Shares to trade on the NASDAQ by the Cutoff Date.

2.2 Incidental Registration. If the Company at any time, beginning immediately following the closing of the IPO, proposes to register any of its securities for its own account, other than in a demand registration under Section 2.3 or Section 2.4 of this Agreement or other than a registration relating to employee benefit plans or registration relating to corporate reorganization, or other transactions on Forms F–4 or any successor form, or a registration on any registration form that does not permit secondary sales or does not include substantially the same

information statement covering the sale of the Registrable Securities, it shall promptly give notice to the Holders of such intention. Upon the written request of any Holder given within fourteen (14) days after receipt of any such notice, the Company shall, subject to the provisions of this Section 20, cause to be registered all of the Registrable Securities indicated in such request, so as to permit the disposition of the shares so registered. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration.

If the managing underwriter advises the Company in writing that marketing factors require a limitation of the number of shares to be underwritten, then the number of shares of securities that are entitled to be included in the registration shall be allocated in the following order of priority (the "**Incidental Registration Priority**"): **first**, the Company shall be entitled to register all of the securities the Company wishes to register for its own account, subject to the provisions of Section 2.3. below; **second**, if remaining, each of the Holders, other than DNA, shall be entitled to register such number of Registrable Securities (excluding any Ordinary Registrable Securities) requested to be registered by each of them (pro rata to the respective number of such Registrable Securities (not including the Ordinary Registrable Securities) requested by each such Holders to be included in the registration); **third**, DNA and any Holder of the Ordinary Registrable Securities shall be entitled to register such number of Registrable Securities requested to be registered by it (pro rata to the respective number of such Registrable Securities); **fourth**, if remaining, any other securities of the Company held by other shareholders. Notwithstanding any other provision of this Section 20, following the IPO (i.e., a second or any subsequent Company initiated registration), the aggregate amount of Registrable Securities which shall have the right to participate in any proposed registration following the IPO shall not be reduced below twenty-five percent (25%) of the aggregate amount of securities proposed to be so registered.

Notwithstanding anything to the contrary in this Agreement (including without limitation, the above Incidental Registration Priority), in the event the Company has filed with the SEC a Registration Statement in connection with its IPO (the "**IPO Registration Statement**"), it shall use its reasonable best efforts to (i) include in such IPO Registration Statement a prospectus relating to the resale of all of the DNA Registration securities or (ii) have declared effective substantially concurrently with the IPO Registration Statement, a separate Registration Statement that shall include for resale under the Securities Act all of the DNA Registrable Securities (the "**DNA Registration Priority**"), so as to permit the disposition of such DNA Registrable Securities so registered following the closing of the IPO or any other first registration of the Ordinary Shares. It is hereby clarified that any Holder of the DNA Registrable Securities shall be entitled to the DNA Registration Priority. For the avoidance of doubt, the Company shall have no obligation to include the DNA Registrable Securities in any prospectus relating to the Company's IPO or any subsequent underwritten offering of the Company's Ordinary Shares except as otherwise set forth in this Section 2.

2.3 Demand Registration.

2.3.1. General. Subject to the provisions of this Section 2.3.1, beginning 180 days following the closing of the IPO and until and for such time as the Company has qualified and remains eligible for registration under Form F-3 or any comparable or successor form or forms (as set forth in Section 2.4 below), upon the written request (a "**Demand Notice**") of holders holding at least 10% of the aggregate Registrable Securities then held by all the Holders other than DNA (collectively the "**Demand Party**") requesting that the Company effect the registration under the Securities Act of all or part of such Demand Party's Registrable Securities, and specifying the amount and intended method of disposition thereof, including pursuant to a

shelf registration statement utilizing Rule 415 of the Securities Act (or its successor provision) (a "**Shelf Registration**"), thereupon the Company will promptly give written notice of such requested registration to each of the other Holders and thereupon will, as expeditiously as reasonably practicable (and in any event no later than fifteen (15) days after the date of the Demand Notice), file and use its reasonable commercial efforts to cause to be declared effective under the Securities Act a registration statement to effect the registration under the Securities Act of the following. Nothing in this Section 2.3 shall limit the right of any Holder to request the registration of the Registrable Securities issuable upon (i) conversion of the Preferred Shares held by such Holder (subject to such conversion occurring prior to the completion of the sale of the underlying Registrable Securities) or (ii) exercise of the warrants held by such Holder (subject to such exercise occurring prior to the completion of the sale of the underlying Registrable Securities), notwithstanding the fact that at the time of the request such Holder holds Preferred Shares or warrants, as the case may be, and not Registrable Securities.

2.3.2. Shelf Take-Downs. Any of the Holders whose Registrable Securities have been registered pursuant to a Shelf Registration may initiate an offering or sale of Registrable Securities pursuant to such Shelf Registration (each, a "**Shelf Take-Down**") and, except as set forth in this Section 2.3.2 with respect to an underwritten offering for the Registrable Securities with respect to a registration statement effected pursuant to this Section 2.3 (each, a "**Marketed Underwritten Offering**"), such Holder shall not be required to permit the offer and sale of Registrable Securities by other Holders in connection with such Shelf Take-Down. If the initiating Holders so elect by written request to the Company, a Shelf Take-Down may be in the form of an underwritten offering (an "**Underwritten Shelf Take-Down**"), and the Company shall, if so requested, file and effect an amendment or supplement of the Shelf Registration for such purpose as soon as practicable. Only the Demand Party shall have the right to initiate an Underwritten Shelf Take-Down that is a Marketed Underwritten Offering, and any such Underwritten Shelf Take-Down that is a Marketed Underwritten Offering shall be deemed to be a registration pursuant to Section 2.3.1, and the Company shall provide notice to the other Holders of such registration in accordance with the provisions of Section 2.3.1.

2.3.3. Effective Registration Statement. A registration requested pursuant to this Section 2.3 will not be deemed to have been effected unless: (i) it has been declared effective by the SEC or has otherwise become effective under the Securities Act, or (ii) it has been filed with the SEC but abandoned or withdrawn at the request of the Demand Party prior to effectiveness, other than an abandonment or withdrawal requested because of the trailing 10-trading day average stock price of the Company's Ordinary Shares falling eighteen percent (18%) or more since the delivery of a request for registration pursuant to this Section 2.3.

2.3.4. Priority in Demand Registrations; Right to Abandon or Withdraw. If a requested registration pursuant to this Section 2.3 involves an underwritten offering and the managing underwriter advises the Company in writing that, in its opinion, the number of securities (including Registrable Securities) to be included in such registration as contemplated by the Holders and the Company would be likely to exceed the largest number of Equity Securities that can be sold without having an adverse effect on the success of such offering, including any impact on the selling price or the number of Equity Securities that can be sold (the "**Maximum Offering Size**"), then the Company shall include in such registration (i) first, 100% of the Registrable Securities requested to be included in such registration by the Demand Party (other than DNA) and other Holders (other than DNA) of Registrable Securities (not including the Ordinary Registrable Securities) who have requested that their Registrable Securities be included up to the Maximum Offering Size (such Registrable Securities allocated, if necessary for the offering not to exceed the Maximum Offering Size, pro rata among the Demand Party and the other Holders of Registrable Securities so requested to be included in such registration by each); (ii) second, to the extent the managing underwriter believes additional securities can be sold in the offering without exceeding the Maximum Offering Size, the securities requested to be

included in such registration by DNA and other Holders of Ordinary Registrable Securities up to the number of securities that, in the opinion of such managing underwriter, can be sold without exceeding the Maximum Offering Size (pro rata to the respective number of such Registrable Securities in this subsection (ii)); and (iii) third, to the extent the managing underwriter believes additional securities can be sold in the offering without exceeding the Maximum Offering Size, the securities the Company proposes to sell up to the number of securities that, in the opinion of such managing underwriter, can be sold without exceeding the Maximum Offering Size. Notwithstanding the foregoing, if the managing underwriter of any underwritten offering shall advise the Holders participating in a registration pursuant to this Section 2.3 that the Registrable Securities covered by the registration statement cannot be sold in such offering within the price range agreed in advance by the Demand Party or that all of the Registrable Securities requested to be included in a registration by a Demand Party pursuant to this Section 2.3 cannot be sold in the manner requested, then the Demand Party shall have the right to notify the Company that it has determined that the registration statement be abandoned or withdrawn, in which event the Company shall abandon or withdraw such registration statement; it being understood that in the event the Demand Party exercises its right set forth in this sentence, the Company shall remain liable for any Registration Expenses pursuant to Section 2.6, provided that such abandoned or withdrawn registration statement shall be deemed "effected" for purposes of Section 2.3.6 below.

2.3.5. Notification of Sales. Prior to the sale of any Registrable Securities pursuant to a Shelf Registration, the Holders shall give reasonable prior written notice of such sale to the Company under the particular circumstances, but in any event at least one (1) Business Days prior notice, which notice may contemplate possible sales by the Holder over a period of time not to exceed one (1) month but need not specify the number of Registrable Securities to be sold, the method of distribution or proposed purchaser or underwriter. Delivery of such notice shall not obligate the Holders to consummate such sale.

2.3.6. Exception to the Company's Obligation. In no event shall the Company be required to effect more than three (3) registrations pursuant to Section 2.3.

2.4 Form F-3 Registration. As soon as practical after its initial public offering, the Company shall use its reasonable best efforts to fulfill all reporting requirements and qualify for registration on Form F-3 or any comparable or successor form or forms and to maintain such qualification after the Company has qualified for the use of Form F-3. After the Company has qualified for the use of Form F-3, the Holders of at least ten percent (10%) of the Registrable Securities then held by all the Holders other than DNA shall have the right to submit a written request or requests that the Company effect a registration on Form F-3, and any related qualification or compliance, with respect to Registrable Securities where the aggregate net proceeds from the sale of such Registrable Securities are equal to not less than one million United States dollars ($1,000,000). The Company shall, within ten (10) days after receipt of any such request, give written notice of the proposed registration, and any related qualification or compliance, to all other Holders, and include in such registration all Registrable Securities held by all such Holders who wish to participate in such registration and provide the Company with written requests for inclusion therein within ten (10) days after the receipt of the Company's notice. Thereupon, the Company shall use its reasonable commercial efforts, subject to the provisions of this Section 2.4, to effect such registration and all such qualifications and compliances as may be reasonably so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request, provided that if the Company shall not be able to include all the Registrable Securities of all the Holders the registration preferences set forth in Section 2.3.4 above shall apply *mutatis mutandis*; *provided, further,* that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 2.4, (i) if Form F-3 is not available for such offering by the Holders; (ii) if the Company shall furnish to

the Holders a certificate signed by the Chief Executive Officer of the Company stating that in the good faith judgment of the Board it would be seriously detrimental to the Company or its shareholders for such Form F-3 registration statement to be effected at such time, because such action would (A) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (B) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (C) render the Company unable to comply with requirements under the Securities Act or Exchange Act, in which event the Company shall have the right to defer the filing of the Form F-3 registration statement for a period of not more than sixty (60) days after receipt of the request of the Holder or Holders under this Section 2.4; *provided, however,* that the Company shall not utilize this right more than once in any twelve (12) month period; or (iii) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations on Form F-3 for the Holders pursuant to this Section 2.4 provided that as of and for such time as the Company has qualified and remains eligible for registration under Form F-3 or any comparable or successor form or forms, the maximum number of registrations on Form F-3 shall be increased from two (2) registrations by the number of demand registrations remaining available to the Holders at such time pursuant to Section 2.3.6; (iv) during the period starting with the date sixty (60) days prior to the Company's estimated date of filing of, and ending on the date six (6) months immediately following the effective date of, any registration statement pertaining to securities of the Company (other than a registration of securities in a Rule 145 transaction or with respect to an employee benefit plan), provided that the Company is actively employing in good faith reasonable efforts to cause such registration statement to become effective and that the Company's estimate of the date of filing such registration statement is made in good faith; or (v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

2.5 Designation of Underwriter. (a) In the case of any registration effected pursuant to Sections 2.3 or 2.4, the Holders that submitted the request for registration shall have the right to designate the managing underwriter(s), investment bankers and managers for such registration in any underwritten offering; *provided, however*, that the selected underwriter(s) is subject to the Company's approval, which shall not be unreasonably withheld. (b) In the case of any registration initiated by the Company, unless otherwise agreed by the parties, the Company shall have the right to designate the managing underwriter in any underwritten offering and the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, provided that such terms of the agreement between the Company and underwriters shall be in usual and customary form and provided further that in no event shall contradict the terms of this Agreement.

2.6 Expenses. All customary expenses, including without limitation the reasonable fees and expenses of one counsel for the Holders incurred in connection with any registration under Sections 2, 2.3 or 2.4 (only with respect to the first three (3) Form F-3 registration requirements by the Holders) shall be borne by the Company, provided that as of and for such time as the Company has qualified and remains eligible for registration under Form F-3 or any comparable or successor form or forms, this number shall be increased by the number of demand registrations remaining available to the Holders at such time pursuant to Section 2.3.6; *provided, however*, that each of the Holders participating in such registration shall pay its pro rata portion of discounts and commissions payable to any underwriter.

2.7 Indemnities. In the event of any registered offering of Registrable Securities pursuant to this Section 2:

2.7.1. The Company will indemnify and hold harmless, to the extent permitted by law, any Holder, whose Registrable Securities are included in the registration, and any underwriter for such Holder, and each person, if any, who controls the Holder or such underwriter, from and against any and all losses, damages (excluding indirect or consequential damages), claims, liabilities, joint or several, costs and expenses (including reasonable legal expenses and any amounts paid in any settlement effected with the Company's consent) to which the Holder or any such underwriter or controlling person may become subject under applicable law or otherwise, insofar as such losses, damages, claims, liabilities (or actions or proceedings in respect thereof), costs or expenses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the registration statement or included in the prospectus, as amended or supplemented, or (ii) 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, and the Company will reimburse the Holder, such underwriter and each such controlling person of the Holder or the underwriter, promptly upon written demand, for any reasonable legal or any other expenses incurred by them in connection with investigating, preparing to defend or defending against or appearing as a third-party witness in connection with such loss, claim, damage, liability, action or proceeding; *provided*, *however*, that the Company will not be liable to any Holder, underwriter or controlling person in any such case to the extent that any such loss, damage, liability, cost or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished in writing by such Holder, such underwriter or such controlling persons claiming for indemnification in writing specifically for inclusion therein; *provided further*, that this indemnity shall not be deemed to relieve any underwriter of any of its due diligence obligations; *provided further,* that the indemnity agreement contained in this Section 2.7.1 shall not apply to amounts paid in settlement of any such claim, loss, damage, liability or action if such settlement is effected without the written consent of the Company, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the selling shareholder, the underwriter or any controlling person of the selling shareholder or the underwriter, and regardless of any sale in connection with such offering by the selling shareholder. Such indemnity shall survive the transfer of securities by a selling shareholder.

2.7.2. Each Holder participating in a registration hereunder will furnish to the Company in writing any information regarding such Holder and his or her intended method of distribution of Registrable Securities as the Company may reasonably request and will indemnify and hold harmless the Company, any underwriter for the Company, any other person participating in the distribution and each person, if any, who controls the Company, such underwriter, or such other person from and against any and all losses, damages (excluding indirect or consequential damages), claims, liabilities, costs or expenses (including reasonable legal expenses and any amounts paid in any settlement effected with the selling shareholder's consent) to which the Company or any such controlling person and/or any such underwriter may become subject under applicable law or otherwise, insofar as such losses, damages, claims, liabilities (or actions or proceedings in respect thereof), costs or expenses arise out of or are based on (i) any untrue or alleged untrue statement of any material fact contained in the registration statement or included in the prospectus, as amended or supplemented, or (ii) the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading, but, in each case, only to the extent of such information relating to such Holder and provided in writing by such Holder, and each such Holder will reimburse the Company, any underwriter, any other person participating in the distribution and each such controlling person of the Company, any underwriter or other person, promptly upon demand, for any reasonable legal or other expenses incurred by them in connection with investigating, preparing to defend or defending against or appearing as a third-party witness in connection with

such loss, claim, damage, liability, action or proceeding; 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 so made in strict conformity with written information furnished by such Holder specifically for inclusion therein. The foregoing indemnity agreement shall be individual and several by each Holder and shall not be joint. The foregoing indemnity is also subject to the condition that, insofar as it relates to any such untrue statement (or alleged untrue statement) or omission (or alleged omission) made in the preliminary prospectus but eliminated or remedied in the amended prospectus at the time the registration statement becomes effective or in the final prospectus, such indemnity agreement shall not inure to the benefit of (i) the Company, (ii) any underwriter and any person, if any, controlling the Company or the Underwriter, if a copy of the final prospectus was not furnished to the person or entity asserting the loss, liability, claim or damage at or prior to the time such furnishing is required by the Securities Act; *provided further*, that this indemnity shall not be deemed to relieve any underwriter of any of its due diligence obligations; *provided further*, that the indemnity agreement contained in this Section 2.7.2 shall not apply to amounts paid in settlement of any such claim, loss, damage, liability or action if such settlement is effected without the consent of the Holders, as the case may be, which consent shall not be unreasonably withheld. In no event shall the liability of a Holder exceed the net proceeds from the offering received by such Holder.

2.7.3. Promptly after receipt by an indemnified party, pursuant to the provisions of Section 2.7.1 or 2.7.2, of notice of the commencement of any action involving the subject matter of the foregoing indemnity provisions, such indemnified party will, if a claim thereof is to be made against the indemnifying party pursuant to the provisions of said Section 2.7.1 or 2.7.2, promptly notify the indemnifying party of the commencement thereof; but the omission to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party hereunder. In case such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall have the right to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; *provided, however*, that if the defendants in any action include both the indemnified party and the indemnifying party and the indemnified party reasonably believes that there is a conflict of interests which would prevent counsel for the indemnifying party from also representing the indemnified party, the indemnified party or parties shall have the right to select one separate counsel to participate in the defense of such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party pursuant to the provisions of said Section 2.7.1 or 2.7.2 for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed counsel in accordance with the provision of the preceding sentence, (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after the notice of the commencement of the action and within fifteen (15) days after written notice of the indemnified party's intention to employ separate counsel pursuant to the previous sentence, or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation, unless otherwise approved in writing by such indemnified party.

2.7.4. Notwithstanding anything to the contrary herein, the foregoing indemnity agreements of the parties in this Section 2.7 are subject to the condition that, insofar as they relate to losses, damages, claims, liabilities, costs and expenses arising from any untrue statement or

alleged untrue statement of a material fact contained, or omission or alleged omission of a material fact from, a preliminary prospectus (or necessary to make the statements therein not misleading) that has been corrected in the form of prospectus included in the registration statement at the time it becomes effective, or any amendment or supplement thereto filed with the SEC under the Securities Act (the "**Final Prospectus**"), such indemnity agreement shall not inure to the benefit of any person if a copy of the Final Prospectus was furnished to the indemnified party and such indemnified party failed to deliver, at or before the confirmation of the sale of the shares registered in such offering, a copy of the Final Prospectus to the person asserting the loss, liability, claim or damage, in any case in which such delivery was required under the Securities Act.

If recovery is not available under the foregoing indemnification provisions, for any reason other than as specified therein, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations. In determining the amount of contribution to which the respective parties are entitled, there shall be considered the parties' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission, and any other equitable considerations appropriate under the circumstances. In no event shall the liability of a Holder exceed the net proceeds from the offering received by such Holder.

2.7.5. Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Section 2.7 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2.7, and otherwise shall survive the termination of this Agreement.

2.8 Obligations of the Company. Whenever required under this Section 2 to effect the Registration of any Registrable Securities, unless otherwise specified therein, the Company shall, as expeditiously as reasonably possible:

2.8.1. prepare and file with the SEC a Registration Statement with respect to such Registrable Securities and use its reasonable commercial efforts to cause such registration statement to become effective as soon as possible, and keep such registration statement effective for a period of up to six (6) months or, if sooner, until the distribution contemplated in the Registration Statement has been completed;

2.8.2. prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such registration statement;

2.8.3. furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

2.8.4. use its commercially reasonable efforts to register and qualify the Registrable Securities covered by such registration statement under such other securities or "blue sky" laws of such jurisdictions as shall be reasonably requested by the Holders; *provided*, that in no event shall the Company be required to qualify to do business in any state or other jurisdiction, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

2.8.5. in the event of any underwritten public offering, use its commercially reasonable efforts to enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering;

2.8.6. notify each holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event that comes to its knowledge, as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

2.8.7. use its commercially reasonable efforts to cause all Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed;

2.8.8. provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

2.8.9. furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to this Section 2 at such Holder's expense, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 2, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, or, if such securities are nor being sold through underwriters, to the Holders requesting registration of Registrable Securities and (ii) a letter dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any, or if such securities are not being sold through underwriters, to the Holders requesting registration of Registrable Securities; and

2.8.10. use reasonable best efforts to make available certain of the executive officers of the Company (which in any event shall include the Company's chief executive officer) as reasonably requested by the underwriters in connection with a Marketed Underwritten Offering and to provide reasonable cooperation to such underwriters.

2.9 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may not be assigned except as hereinafter provided. Any Holder may assign its rights to cause the Company to register Registrable Securities pursuant to this Section 2 (but only with all related obligations) to a transferee of such Registrable Securities; *provided* that (i) the Company is, within ten (10) days after such transfer, furnished with written notice of the name and address of such transferee and the securities with respect to which such registration rights are being assigned; and (ii) such transferee agrees in writing to be bound by and subject to the terms and conditions of this Agreement, including without limitation the provisions of this Section 2.9. Such transferee to whom registration rights under this Section 2 are duly assigned in accordance with this Section 2.9 shall not be treated for any purpose herein as an assignee of such rights unless and until the Company has been furnished with the notice under clause (i) above and with a copy of the undertaking under clause (ii) above and, until such time, the transferring Holder shall continue to be regarded and treated as a Holder with respect to such Registrable Securities.

2.10 Lock-Up. Each Holder hereby agrees that, if so requested by the representative of the lead or managing underwriters of an IPO effected by the Company pursuant to a

registration statement (the "**Managing Underwriter**"), such Holder shall not, without the prior consent of the Managing Underwriter, (i) lend, offer, pledge, 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, directly or indirectly, any Registrable Securities or any securities of the Company (whether such shares or any such securities are then owned by the Holder, or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Registrable Securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Registrable Securities or such other securities, in cash or otherwise, during the period specified by the Managing Underwriter, with such period not to exceed 180 days following the effective date of such IPO (the "**Market Standoff Period**"), provided that the Market Standoff Period may be extended as required pursuant to applicable law, rule or regulation (including any rule or regulation of FINRA); *provided however*, notwithstanding any request of the managing underwriters or the Company, any Holder of the DNA Registrable Securities (including without limitation, Capital Point Ltd.) shall not be subject to any Market Standoff Period or be required to execute or sign any contractual "Lock-up", agreement, restriction, or other limitation stated in this Section, other than as required by the applicable law, rule or regulation, if any.

2.11 The provisions of this Section 2.10 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Holder if all, officers, directors and shareholders of the Company holding more than 1% of the Company's outstanding Ordinary Shares (after giving effect to conversion into Ordinary Shares of all outstanding Preferred Shares), enter into similar agreements and restrictions. The underwriters in connection with such registration are intended third-party beneficiaries of this Section 2.10 and shall have the right, power, and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Section 2.10. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply pro rata to all Holders subject to such agreements, based on the number of shares subject to such agreements.

2.12 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities including the affirmative consent of Centillion Fund, enter into any agreement with any holder or prospective holder of any securities of the Company that would grant such holder or prospective holder any registration rights superior or equal to the rights hereunder.

2.13 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Section 2 shall terminate if the Holder may sell all of the Registrable Securities beneficially owned by such Holder, as applicable, under SEC Rule 144 or any successor rule, within a three month period.

2.14 Public Information. At any time and from time to time after the earlier of the close of business on such date as (i) a registration statement filed by the Company under the Securities Act becomes effective, (ii) the Company registers a class of securities under Section 12 of the United States Securities Exchange Act of 1934, as amended, or any federal statute or code which is a successor thereto, or (iii) the Company issues an offering circular meeting the requirements of Regulation A under the Securities Act, the Company shall undertake to make publicly available and available to the Holder pursuant to Rule 144, such information as is necessary to enable the Holder to make sales of Registrable Securities pursuant to that Rule. The Company shall use its reasonable best efforts to comply with the current public information

requirements of Rule 144 and shall furnish thereafter to the Holder, upon request, a written statement executed by the Company as to such compliance.

2.14.1. Cooperation by Holders. As a condition to the inclusion of any Registrable Securities in a registration pursuant to this Section 2, the Holder of such Registrable Securities shall timely furnish to the Company such information regarding such Holder and the distribution proposed by such Holder as the Company may reasonably request in writing and as shall be reasonably required for any registration, qualification or legal compliance, and if the registration relates to an underwritten offering, the Holder of such Registrable Securities shall cooperate with the reasonable requests of the Managing Underwriter.

2.15 Foreign Offerings. The provisions of this Section 2 shall apply, *mutatis mutandis*, to any registration of the securities of the Company outside of the United States.

2.16 Legends. All certificates representing any shares of the Company shall have endorsed thereon a legend to substantially the following effect:

"**THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.**"

"**THE SALE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF THE COMPANY'S ARTICLES OF ASSOCIATION, AS AMENDED FROM TIME TO TIME AND ANY AGREEMENT BY AND AMONG THE HOLDER HEREOF AND THE COMPANY. A COPY OF SUCH AGREEMENTS IS ON FILE AT THE COMPANY'S PRINCIPAL PLACE OF BUSINESS**."

2.17 DNA Registrable Securities. Notwithstanding anything to the contrary in this Agreement or in the Amended Articles, DNA shall be entitled to freely transfer, assign, pledgee, sell, dispose or any other similar transfer of the Registrable Securities and/or DNA Registrable Securities to Capital point Ltd. or other third party and shall be entitled to transfer any of the registration rights associated with such securities under this Agreement, without any limitations or restrictions.

3. **Miscellaneous**.

3.1 Further Assurances. Each of the parties hereto shall perform such further acts and execute such further documents as may reasonably be necessary to carry out and give full effect to the provisions of this Agreement and the intentions of the parties as reflected thereby.

3.2 Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Israel, without regard to the conflict of laws provisions thereof. Any dispute arising under or in relation to this Agreement shall be resolved in the competent court for Tel Aviv-Jaffa district, and each of the parties hereby submits irrevocably to the jurisdiction of such court.

3.3 Successors and Assigns; Assignment. Except as otherwise expressly limited herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto. Unless otherwise stated herein, none of the rights, privileges, or obligations set forth in, arising under, or created by this Agreement may be assigned or transferred without the prior consent in writing of each party to this Agreement, with the exception of a transfer by a Holder to any Permitted Transferee thereof, subject to the limitations set forth in the Amended Articles.

3.4 Entire Agreement; Amendment and Waiver. This Agreement and the Schedule hereto constitute the full and entire understanding and agreement between the parties with regard to the subject matters hereof and thereof and supersede all prior and contemporaneous agreements, representations and understandings of the parties, including without limitations, the Prior Agreement. Any term of this Agreement may be amended and the observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) with the written consent of the Company and the Holders of at least a majority of the Registrable Securities including the affirmative consent of Centillion Fund, provided however that Sections 2.1(a), 2.17 and the last sentence of Section 2.10 (starting as of "*provided however")* of this Agreement may not be amended or terminated and the observance of its terms may not be waived without the written consent of DNA. Notwithstanding the foregoing, this Agreement may not be amended or terminated and the observance of any term hereof may not be waived with respect to a specific Holder without the written consent of such Holder, unless such amendment, termination, or waiver applies to all Holders in the same manner (for the avoidance of doubt, notwithstanding anything in this agreement to the contrary, any right expressly provided for the benefit or protection of, or applying to a specifically named Investor (a "Specifically Named Investor") may not be modified, abrogated or waived, whether through an amendment to this Agreement, or otherwise, without the prior written consent of such Specifically Named Investor). Any amendment or waiver effected in accordance with this paragraph shall be binding upon each party hereto. The Company shall give prompt notice of any amendment or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, termination, or waiver. Any amendment, termination, or waiver effected in accordance with this Section 3.4 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

3.5 Notices, etc. All notices and other communications required or permitted hereunder to be given to a party to this Agreement shall be in writing and shall be telecopied or mailed by registered, electronic or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, addressed to such party's address as set forth below or at such other address as the party shall have furnished to each other party in writing in accordance with this provision:

if to the Investors:	The address set forth in Schedule A.
if to the Company:	Entera Bio Ltd. Jerusalem Bio Park PO Box 12117 Jerusalem 91220 Tel: +972-54-535-2683 Attn: Dr. Phillip Schwartz

or such other address with respect to a party as such party shall notify each other party in writing as above provided. Any notice sent in accordance with this Section 3.5 shall be effective (i) if mailed, seven (7) business days after mailing, (ii) if sent by messenger, upon delivery, and (iii) if

sent via email, telecopier or facsimile, upon transmission and electronic confirmation of receipt or, if transmitted and received on a non-business day, on the first business day following transmission and electronic confirmation of receipt (*provided, however*, that any notice of change of address shall only be valid upon receipt).

3.6 Additional Investors. Notwithstanding anything to the contrary contained herein, (i) if the Company issues additional Preferred B Shares pursuant to the Purchase Agreement, any purchaser of such shares may become a party to this Agreement by executing a delivering a signature page to this agreement, and (ii) any of the lenders under the 2016 CLA according to the terms of the 2016 CLA., shall be deemed an "Investor" for all purposes hereunder, and Schedule A attached hereto will be updated accordingly. No action or consent by the Investors or any other party shall be required for such purpose.

3.7 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default under this Agreement, shall be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any of the parties, shall be cumulative and not alternative.

3.8 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this 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.

3.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall constitute one and the same instrument.

3.10 Aggregation of Shares. All Preferred Shares held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement. For the purpose of this Section 3.9 "affiliated entities or persons" shall mean, with respect to any entity or person, its Permitted Transferees.

3.11 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

[Signature Page to Follow]

IN WITNESS WHEREOF the parties have signed this Amended and Restated Investors' Rights Agreement as of the date first hereinabove set forth.

ENTERA BIO LTD.

By: /s/ Phillip Schwartz

Name: Phillip Schwartz

Title: CEO

[Signature Page to Entera Bio Ltd. Amended and Restated Investors' Rights Agreement]

IN WITNESS WHEREOF the parties have signed this Amended and Restated Investors' Rights Agreement as of the date first hereinabove set forth.

INVESTOR:

By: _____

Name: _____

Title: _____

[Signature Page to Entera Bio Ltd. Amended and Restated Investors' Rights Agreement]

Schedule A

Name of Investor	Address
D.N.A. Biomedical Solutions Ltd.	[Intentionally omitted]
Centillion Fund	[Intentionally omitted]
WFI E. BIO , llc	
Menachem Raphael	[Intentionally omitted]
HFN Trust Company 2013 Ltd.	[Intentionally omitted]
Revach Fund LP	[Intentionally omitted]
Europa International Inc	[Intentionally omitted]
Jack Eizikovitz	[Intentionally omitted]
Fragrant Partners LLC	[Intentionally omitted]
Ivan Berkowitz	[Intentionally omitted]
Kenneth Rubinson	[Intentionally omitted]
Robert Stricker	
Jean Marc Bara	
Gary S. Gladstein 2009 Revocable Trust	
Ruth T. Benanav Revocable Trust)	
Efrat Investments	
FirstFire Global Opportunities Fund LLC	
Thomas J. Holevas	
Harold and Nancy Jacob	
Gil Barel	
Oren Elbaz	
Avi Domoshevizki	
Piada Investment	
Rosalind Capital Partners L.P	
Rosalind Master Fund L.P.	
Gal Gordon	
Phillip Schwartz	
Northlea Partners LLLP	[Intentionally omitted]
Republic Construction Corporation	[Intentionally omitted]
Joe N. & Jamie W. Behrendt Revocable Trust dtd 10/30/96	[Intentionally omitted]
Gibralt US, Inc.	[Intentionally omitted]
Bozarth LLC	[Intentionally omitted]
Richard A Brown Trust	[Intentionally omitted]
Alexander J. Brown Trust	[Intentionally omitted]
Robert G. Curtin	[Intentionally omitted]
Robert G. Curtin 401k	[Intentionally omitted]
Rob DeSantis	[Intentionally omitted]
Stephen A. DiChiara	[Intentionally omitted]
James L. Dritz	[Intentionally omitted]
Norm Dumbroff	[Intentionally omitted]
Robert D. Frankel	[Intentionally omitted]

Name of Investor	Address
Charles Freeland	[Intentionally omitted]
John P. Funkey Revocable Trust dtd 2/26/90	[Intentionally omitted]
John O. Gallant	[Intentionally omitted]
Albert Gentile & Hiedi Gentile	[Intentionally omitted]
Richard Gostanian	[Intentionally omitted]
Gubbay Investments LLC	[Intentionally omitted]
Joel L. Hochman Revocable Trust UAD 12/8/1994	[Intentionally omitted]
Edward O'Connell	[Intentionally omitted]
Michael J. Pierce	[Intentionally omitted]
Casimir S. Skrzypczak	[Intentionally omitted]
David & Susan Stollwerk	[Intentionally omitted]
Howard Stringer	[Intentionally omitted]
Clayton Struve	[Intentionally omitted]
Raphael Tshibangu	[Intentionally omitted]
The Elizabeth M. Walenczyk 2011 Revocable Trust	[Intentionally omitted]
Michael Zimmerman	[Intentionally omitted]
Asaf Oren	
Lars Bader	[Intentionally omitted]
Yisroel Brauner & Chana Brauner	[Intentionally omitted]
Meryle Evans Family Trust	[Intentionally omitted]
Andrew & Melissa Fisher	[Intentionally omitted]
Walter G. Gans	[Intentionally omitted]
M & M Investors (Partnership)	[Intentionally omitted]
Clay Lebhar	[Intentionally omitted]
Clyde Smith McGregor & LeAnn Pedersen Pope Revocable Trust U/A/D 10/22/16	[Intentionally omitted]
Daniel Michael	[Intentionally omitted]
Gilbert S. Omenn	[Intentionally omitted]
David M. Rickey Trust dtd 5/8/02	[Intentionally omitted]
Dyke Rogers	[Intentionally omitted]
Sack Investment Holdings SAS, LLC	[Intentionally omitted]
Sack Family Partners, LP	[Intentionally omitted]
Whiting Holdings, LP	[Intentionally omitted]

Exhibit 10.12

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.
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 A

Form of Warrant

Attached hereto.

SERVICE AGREEMENT

This Agreement (the "**Agreement**") is entered into on April 6, 2017 by and between Entera Bio Ltd., an Israel corporation, having its principal offices at Hadassah Medical Center, Kiryat Hadassah, PO Box 12117, Jerusalem, Israel (the "**Company**"), and Roger Garceau of 3 Montaine Place,Lebanon, New Jersey 08833 USA("**Service Provider**").

(A) Effective as of December 1, 2016, the Service Provider has commenced service as the Company's Chief Development Advisor (the "**Commencement Date**");

(B) Service Provider and the Company desire to enter into this Agreement to memorialize their respective rights and obligations in connection with Service Provider's service as the Company's Chief Development Advisor (the "**Services**"); and

NOW THEREFORE, in consideration of the mutual promises, covenants and understandings contained herein, the parties agree as follows:

1. Representations, Duties and Obligations of Service Provider

1.1. Service Provider declares and undertakes that he is free to provide the Company with the Services, upon the terms contained in this Agreement, and there are no legal, commercial or contractual restrictions preventing Service Provider from fully performing all duties hereunder.

1.2. Service Provider shall provide the Services to the Company one day a week, excluding for this purpose US federal holidays and four days of paid-time-off per calendar year (the "**Scope**"). Service Provider will perform the Services from his office in 3 Montaine Place,Lebanon, New Jersey 08833 USA, subject to occasional travel from time to time as reasonably necessary to perform the Services.

1.3. Service Provider shall provide the Services to the Company, in accordance with the directions of the Company's Board of Directors (the "**Board**"), and will report directly to the Board.

1.4. Service Provider shall not have any other person or entity perform any of the Services.

1.5. Service Provider undertakes to perform his duties and obligations under this Agreement in a loyal, devoted and professional manner in accordance with the terms of this Agreement.

1.6. Company acknowledges that, at the time of the Commencement Date, Service Provider provides services to RJG Consulting LLC, Oxthera; GlyPharma, Ferring, and Enterome. Company acknowledges that Service Provider may provide services to additional companies upon fulfillment of all of the following conditions: (i) Service Provider has notified the Company in writing it intends to provide services to another Company 14 days prior to commencing to provide services to the other company, (ii) such services do not and will not damage the Company's reputation, (iii) the work is provided to an entity which is not a competitor of the Company, and (iv) such services will not prevent Service Provider from performing all of his duties and obligations or providing the Services at the level and Scope required by the Company pursuant to the terms of this Agreement.

1.7. Service Provider will notify the Company immediately if anything occurs or comes to his attention which would prevent him from providing the Services contemplated by this Agreement.

1.8. Service Provider shall not, directly or indirectly, accept any commission, rebate, discount or gratuity in cash or in kind, from any person who has or is likely to have a business relationship with the Company related in any way to the Service provided by Service Provider.

1.9. It is the Company's intention to form or enter into a transaction with a Delaware or another US corporation (the "**US HoldCo**"), within the next twelve months following the closing date of the Qualified Event, pursuant to which all of the Company's shares and equity rights will be exchanged for shares and equity rights in the US HoldCo, and consequently, the US HoldCo will become the parent company of the Company following such transaction (the "**Reincorporation**"). Prior to and following such Reincorporation, the parties agree that the Services shall be provided to the Company by Service Provider as an independent contractor. Service Provider is aware of the financial consequences resulting from his engagement as an independent contractor. Until and following such Reincorporation, payments by the Company to Service Provider will not be subject to tax withholding, provided, however, that Company may, if required under applicable law and subject thereto, withhold, deduct any amounts as required by applicable law from payments hereunder or in connection with this Agreement. All payments made by Company hereunder include all taxes levied or imposed upon on or in connection with the services (including without limitations any VAT), and said payments shall be solely made against proper invoices in accordance with applicable law. Should any payment required to be made to Service Provider in accordance with the provisions of this Agreement be subject to withholding of any taxes assessable, Company shall provide the Service Provider of such withholding certificate as required by applicable law. . For the avoidance of doubt, it is hereby clarified that upon the Reincorporation, this Agreement will be assigned to and assumed by the US Holdco, the Services shall be provided to the US Holdco and any reference to the term Company under this Agreement (including references to the issuer of the stock options described in Section 2.4, if not already issued) shall be deemed to refer to the US Holdco (except as explicitly set forth in this Agreement). Notwithstanding the foregoing, the Service Provider hereby understands that such Reincorporation will be subject to the Company's corporate approvals and other customary third party consents, as well as the receipt of satisfactory tax and regulatory approvals required for the Reincorporation (if any) according to the applicable laws. It is hereby further agreed that the company cannot guarantee that the Reincorporation will be completed.

2. Consideration

2.1. In consideration for the provision by Service Provider of the Services, Service Provider shall be entitled to payment of a monthly fee ("**Fee**") for each calendar month of Services in the amount of US$6,500 per month from the Commencement Date. The payment for each month shall be made no later than the 10th day of the following calendar month. The payment of the Fee shall be made without duplication and after taking into account the amount previously paid by the Company to the Service Provider, pursuant to the director agreement between the parties dated as of March 15, 2016, as amended (the "**Director Agreement**") for the period starting as of the Commencement Date and ending on the date hereof.

2.2. Service Provider will be entitled to reimbursement of medical and dental insurance expenses for an amount not to exceed US$3,000 per each month during the Term, against the provision of proper receipts from the Commencement Date.

2.3. Service Provider shall be entitled to reimbursement of coach class airline ticket for any local US travel, and business class airline ticket for any international travel, provided that in each such case such travel was required for the performance of the Services under this agreement. In addition, Service Provider shall be reimbursed for Service Provider's reasonable expenses incurred during his performance of the Services, provided said expenses are incurred in compliance with any generally applicable Company expense policies in force from time to time and are against the provision of proper receipts. Any taxable reimbursements to Service Provider will be subject to the requirements of Treas. Reg. §§ 1.409A-3(i)(1)(iv)(A)(3), (4) and (5). Other than the payments and the reimbursement of expenses set forth in this paragraph and Sections 2 and 10.12 (or according to the director indemnification agreements between the parties), Service Provider shall not be entitled to any other compensation or reimbursement of expenses in connection with the discharge of the Services.

2.4. Options. Upon the occurrence of a Qualified Financing or QIPO (each, a "**Qualified Event**") and, except as otherwise provided below (subject to Section 2.5 below), subject to Service Provider's performance of continuous Services to the Company until the date of the Qualified Event, Service Provider will be granted options to purchase ordinary shares of the Company (the "**Options**") representing 1.5% 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 $10,000,000, then it shall be deemed for the purpose of calculating the "fully diluted basis" under this Agreement as if such amount is equal to $10,000,000. For avoidance of doubt, the determination of the Company's share capital on a "fully diluted basis" will presume the exercise of all options or other awards then outstanding or promised under the Company's Share Incentive Plan (the "**Plan**") or any similar or successor plan, agreement, or arrangement, as well as the exercise or conversion of all then outstanding warrants or other convertible or exercisable securities and taking into account the application of any anti-dilution rights that will be triggered as a result of the Qualified Event (provided however, that if the amount of new funds actually received by the Company in such Qualified Event exceeds $10,000,000, then it shall be deemed for the purpose of calculating the "fully diluted basis" under this Agreement (including, without limitation, with respect to the application of any anti-dilution rights) as if such investment amount is equal to $10,000,000). The exercise price of the Options shall be equal to the per share fair market value of ordinary shares immediately following the Qualified Event, as determined in accordance of Section 409A of the Internal Revenue Code. The Options will vest in 36 equal monthly installments over a period of 36 months, commencing as of the Commencement Date, provided that, the Options will become 100% vested and exercisable upon (i) the occurrence of a Change of Control or (ii) a cessation of Service Provider's service to the Company due to his death, Disability, resignation for Good Reason or a termination by the Company without Cause. In each case, the vesting of the Options shall be contingent upon Service Provider's continued provision of the Services to the Company until the applicable vesting date or event. Upon termination of the Services for any reason, all then unvested Options (determined after any applicable acceleration of vesting) shall terminate, and all then vested Options may be exercisable only until whichever is the later of the following dates: (i) the specific period set in the Plan, or (ii) 10 years from the grant date of the Options. The Options will be subject to the terms of the Plan, the articles of association of the company, and an award agreement to be agreed and executed between the parties, which will include the vesting, acceleration and other terms stated in this Section 2.4. Notwithstanding anything to the contrary, in the event of any inconsistency between the terms of the Options as detailed above and the Company's option plan, the award agreement or the articles of association, the terms set forth in this Section 2.4 shall prevail. All taxes due with respect to the Options shall be borne solely by Service Provider. If Service Provider ceases to perform Services prior to the occurrence of a Qualified Event due to a termination by the Company without Cause or a resignation by the Service Provider for Good Reason, then notwithstanding such cessation of Service (but subject to Section 2.5 below), the Options will still be issued by the Company upon the occurrence of such Qualified Event, will be fully vested at the time of such issuance and will remain outstanding until the 10th anniversary of the date hereof; provided, however, that if such Qualified Event occurs more than one year following the date of Service Provider's cessation of Services, the number of shares subject to the Options will

be reduced to the greater of: (x) 50% of the number of shares that would otherwise be subject to the Options (i.e., the number "1.5%" in the fifth sentence of this Section 2.4 shall be replaced the number "0.75%"), or (y) the number of shares with respect to which the Options would otherwise have been vested as of the date of Service Provider's cessation of Services based on the original 36 month vesting schedule described above (i.e., with such vesting schedule commencing as of the Commencement Date and ending as of the date of Service Provider's cessation of Services). To the extent necessary to achieve compliance with Section 409A of the Code, any Options issued pursuant to the preceding sentence will be exercisable only upon the earliest of (A) the first day of the calendar year that includes the 10th anniversary of the date hereof (in which case the Options will remain exercisable until the 10th anniversary of the date hereof), (B) the time immediately prior to the occurrence of a Change of Control that constitutes a "change in control event" described in Treas. Reg. § 1.409A-3(i)(5) (in which case the Company will provide the Service Provider with reasonable advance and not less than 7 days' prior notice of such Change of Control and the Options will expire immediately following closing of such Change of Control), or (C) the Service Provider's death (in which case the Options may be exercised by the Service Provider's heirs or estate and will remain exercisable for the remainder of the calendar year in which such death occurs).

In this Agreement, the following terms shall have the following definitions:

"**Cause**" means (a) if Service Provider is convicted or pleads no contest to a felony, or (b) any breach by Service Provider of this Agreement not cured within fourteen (14) days following delivery of a written notice to that effect by the Company.

"**CLA**" means the Convertible Promissory Note and Loan Agreement is made and entered into as of June 14, 2016 by and between the Company and the Lenders thereto.

"**Disability**" has the meaning ascribed to it in the Company's Share Incentive Plan, as in effect on the date hereof.

"**Change of Control**" shall have the meaning ascribed to it in the CLA. Notwithstanding anything to the contrary, for the purpose of this Agreement, the term "Change of Control" shall exclude the Reincorporation or any other transaction whose primary purpose is the changing of the Company's domicile.

"**Good Reason**" means the termination by Service Provider of this Agreement within 90 days after the occurrence of any of the following: (A) a reduction by the Company of Service Provider's Fee under this Agreement; (B) a relocation of Service Provider's primary worksite by more than 20 miles, provided that any a relocation of the Service Provider primary worksite to a worksite which is within 20 miles of the primary worksite of the chairman of the Company, Mr. Luke Beshar's, shall not be considered as a Good Reason ; (C) a material increase in the amount of business travel required of Service Provider, determined relative to the amount of business travel performed by him for the Company during the 12 month period preceding the date of this Agreement (provided, however, that if business travel is reasonably required, as determined in good faith by agreement of the parties, then such business travel will not by itself be deemed a material increase in the amount of business travel required of the Service Provider); (D) a removal of Service Provider from the Board for any reason other than Cause, (E) in connection with any expiration of Service Provider's term of service as a member of the Board, a failure by the Company to nominate him for re-election to the Board or a failure by the Company's stockholders to re-elect Service Provider to the Board; (F) any material adverse change in Service Provider's job title, duties or responsibilities; in each of the foregoing cases, if such event, diminution or reduction is effected without the consent of Service Provider; or (G) the failure of the Company's stockholders to approve the Reincorporation by no later than 12 months following the closing date of the Qualified Event; in each of the foregoing cases, if such event, diminution, reduction or relocation is effected without the consent of the Service Provider.

"**Qualified Financing**" shall have the meaning ascribed to it in the CLA.

"**QIPO**" shall have the meaning ascribed to it in the CLA.

2.5. 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 and Service Provider continues to perform Services until the date of such Change of Control (or has ceased to perform Services prior to such Change of Control due to a termination by the Company without Cause or a resignation by the Service Provider for Good Reason), then in lieu of the issuance of Options pursuant to Section 2.4 above, the Company will pay the Service Provider a lump sum cash bonus upon closing of such Change of Control equal to the lower of (i) 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 the Service Provider of US$1,000,000; or (ii) US$3,619,254 (the "**Bonus**"). The determination of the amount described in Section 2.5(i) will be made by an independent, expert tax advisory firm selected by agreement of the parties, the fees of which will be paid by the Company. The Company shall be entitled to withhold and deduct the amounts required by the applicable laws with respect to such Bonus. Notwithstanding the foregoing, it is hereby clarified that Company shall not be required to pay the Bonus in the case of an Insolvency Event (as such term is defined in the CLA) or following such Insolvency Event. For the avoidance of doubt, it is hereby clarified that immediately following the closing of the Qualified Event or the occurrence of an Insolvency Event, this Section 2.5 shall automatically expire and be of no further force and effect, and the Service Provider shall only be entitled to receive the issuance of Options pursuant to Section 2.4 above.

3. **Status of Parties**. during the term of this Agreement: (a) the relationship between Service Provider and the Company is one of principal and independent contractor, (b) Service Provider must perform and continue to perform all actions legally required to establish and maintain his status as an independent contractor with an independent business, (c) the parties expressly declare that no employment relationship exists between the Company and Service Provider, and (d) Service Provider acknowledges and agrees that the Company will not provide Service Provider with any employee benefits, including without limitation any employee, social security, unemployment, pension payments or any other similar payments, and that income tax withholding is Service Provider's responsibility.

4. Term and Termination

4.1. The term of this Agreement shall begin on the Commencement Date and shall continue until terminated by either party (the "**Term**"). Either party may terminate this Agreement without cause upon prior written notice of 60 days to the other party.

4.2. Notwithstanding Section 4.1 above, the Company may terminate this Agreement for Cause without prior notice (other than any cure period contemplated in clause (b) of the definition of "Cause").

4.3. Upon termination of this Agreement or at such other time as directed by the Company, Service Provider shall immediately return to the Company all assets in Service Provider's possession or control which belong to, or have been entrusted to him by, the Company. Service Provider shall neither have, nor retain, any proprietary interest in such assets.

5. Proprietary Rights

5.1. For the purposes of this Agreement ”Intellectual Property” means all intellectual property rights, whether or not patentable, including without limitation (i) patents and patent applications, and any divisional, continuation, continuation in part, reissue, renewal or re-examination patent issuing therefrom (including any foreign counterparts), (ii) copyrights and registrations thereof, (iii) trade secrets and other confidential business information, whether patentable or unpatentable and whether or not reduced to practice, know-how, technology, proprietary processes, techniques, methodologies, formulae, formulations, algorithms, software, code, models, user interfaces, research and development information, copyrightable works, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information, inventions and, with respect to all of the foregoing, related confidential documentation, (iv) trademarks, service marks, trade names and applications and registrations therefor, (v) all documentation, including user manuals and training materials relating to any of the foregoing and descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing and, (vi) other proprietary rights relating to the foregoing, and any rights analogous to the foregoing anywhere in the world.

5.2. Service Provider and the Company agree that the Company shall be the owner, upon creation, of all right, title and interest in, to and under the Intellectual Property created in or as a result of any communication between Service Provider and the Company prior to and leading to this agreement, in particular as a result of any information divulged by the Company to Service Provider ("**Prior Inventions**"). Service Provider and the Company further agree that the Company shall be the owner, upon creation, of all right, title and interest in, to and under the Intellectual Property created in the course of, or in consequence of, the performance of the Agreement, which shall be deemed work made for hire, and any ensuing rights, including all rights, powers, privileges and immunities arising thereunder or conferred thereby, and all applications for intellectual or industrial property that may hereinafter be filed for the Intellectual Property in any jurisdiction, and all divisions, renewals and continuations thereof, and all registrations that may be granted thereon and all extensions and reissues thereof, together with any and all rights of priority relating to the Intellectual Property and any registrations that may be granted thereon, expressly including the right to sue for past infringement (all the above together with the Prior Inventions, as defined below, referred to as the “**Company’s IP Rights**”).

5.3. If the ownership in any of the Company’s IP Rights, as a matter of law, not vest in the Company upon creation, then Service Provider shall assign and does hereby irrevocably assign to the Company, its successors, legal representatives all right, title and interest in, to and under the Company’s IP Rights to the extent that Service Provider may have such rights, and Service Provider shall have no right whatsoever in, to and under the Company’s IP Rights. To the extent that any right in the Company’s IP Rights may not under applicable law be assigned to the Company as above, Service Provider hereby waives any and all such rights in favor of the Company, and Service Provider shall not have any claim to any right, moral rights, compensation, royalties or reward in respect of any such Company’s IP Rights.

5.4. Service Provider agrees and undertakes to: (i) promptly disclose to the Company in writing, sufficient to identify the Company’s IP Rights in question, the creation or existence of all such Company’s IP Rights; and, (ii) take such action, during the term of the Agreement and thereafter, as the Company may reasonably request, to evidence, transfer, vest or confirm the Company’s right, title and interest in and to the Company’s IP Rights, provided that the Company will be responsible for any expenses incurred by Service Provider to comply with this section.

5.5. Service Provider hereby irrevocably appoints the Company and its duly authorized officers and agents to be Service Provider's agents and attorney in fact to act for and on the behalf of Service Provider and in his stead and to do any action and make any legal disposition in respect of the Company's IP Rights, including without limitation, to execute and file any documents, and generally do everything possible to ensure that the Company, its successors, legal representatives and assigns, obtain and enforce proper protection for the Company's IP Rights in all jurisdictions, all the foregoing with the same legal force and effect as if executed by Service Provider.

5.6. Service Provider further covenants and agrees that he will testify in any legal proceeding, sign all lawful papers, execute all divisional, continuing, reissue and foreign applications, make all rightful oaths, and generally do everything possible to aid the Company, its successors, legal representatives and assigns, to obtain and enforce proper protection for the Company's IP Rights. If the need for such cooperation by Service Provider occurs after the Term, the Company will (i) pay Service Provider $500 per hour for each hour he devotes to such matters, (ii) reimburse Service Provider for reasonable expenses incurred in connection with such matters, and (iii) exercise reasonable efforts to schedule and limit the need for Service Provider's cooperation to avoid any impact on his other professional or personal obligations.

6. <u>Confidentiality</u>

6.1. Service Provider agrees that all the Company information, whether in oral form, visual form or in writing, including but not limited to, all specifications, formulas, prototypes, computer programs and any and all records, data, ideas, methods, techniques, processes and projections, plans, marketing information, business plans, projects, pricing, customers and customer information, materials, financial statements, memoranda, analyses, notes, legal documents, and other data and information, as well as test results, processes, know-how, improvements, inventions, techniques, patents (whether pending or duly registered) and any know-how related thereto, relating to the Company and its affiliates, the Company IP Rights, and the terms and conditions of this Agreement, will be considered and referred to collectively as "**Confidential Information**".

6.2. Service Provider agrees that it shall not use Confidential Information for his own, or any third party's benefit; Service Provider further agrees to accept and use Confidential Information solely for the purpose of providing the Services for the benefit of Company; Service Provider shall keep in confidence and trust all Confidential Information and, except as otherwise necessary or appropriate in his performance of the Services, shall not, directly or indirectly, disclose, publish, or disseminate Confidential Information to any third party or allow the same to occur.

6.3. Without derogating from the generality of the foregoing, Service Provider agrees as follows:

6.3.1. Not to copy, transmit, reproduce, summarize, quote, publish or make any commercial or other use whatsoever of the Confidential Information, or any part thereof, except as otherwise necessary or appropriate in his performance of the Services;

6.3.2. To exercise the highest degree of care in safeguarding any Confidential Information that may be furnished to Service Provider against loss, theft or other inadvertent disclosure or dissemination and to take all reasonable steps necessary to prevent any unauthorized use, disclosure, publication, or dissemination of Confidential Information;

6.3.3. Not to enter into the databases of the Company for any purpose whatsoever, other than as necessary for the provision of the Services, including, without limitation, review, download, insert, change, delete or relocate any information.

6.3.4. That all Confidential Information, and any derivatives thereof, is and shall remain the property of the Company and its affiliates, and no license or other rights to Confidential Information is granted or implied hereby to have been granted to Service Provider, now or in the future.

6.3.5. Upon termination of this Agreement, or as otherwise requested by the Company, Service Provider shall promptly deliver to the Company all Confidential Information and any and all copies thereof, in whatever form, that had been furnished to Service Provider, prepared thereby or came to his possession in any manner whatsoever, during and in the course of his performance of this Agreement, and shall not retain or make copies thereof in whatever form.

6.3.6. The provisions of this Section 6 shall survive termination of this Agreement and shall remain in full force and effect at all times thereafter.

7. <u>Non-Competition and Non-Solicitation</u>

During the Term of this Agreement, Service Provider will not:

7.1. directly or indirectly, in any capacity whatsoever, whether independently or as a stockholder, an employee, Service Provider, an officer or any managerial capacity, carry on, set up, own, manage, control or operate, be employed, engaged or interested in a business, anywhere in the world, which competes with, or proposes to compete with, the then current business of the Company or any of its subsidiaries (the "**Group**").

7.2. directly or indirectly, in any way offer, solicit or attempt to solicit, induce or attempt to induce or endeavor to entice away, any person with whom any member of the Group has any contractual or commercial relationship as a consultant, licensor, joint venture, supplier, customer, distributor, agent or contractor of whatsoever nature, to cease his, her or its relationship with that member of the Group, or otherwise interfere in any way with the relationship between that member of the Group and such person.

7.3. directly or indirectly, in any way offer, solicit or attempt to solicit for employment or other engagement, or otherwise contract or seek to contract the services of, any individual who is employed or engaged (whether directly or indirectly) by any member of the Group or induce or entice or attempt to induce or entice such individual to leave such employment or other engagement or otherwise interfere in his or her relationship with any member of the Group.

Service Provider acknowledges that his obligations under this Section are reasonable, in light of knowledge he will gain of the Group's Confidential Information and that the consideration he receives hereunder is paid, inter alia, as consideration for his undertaking under this Section 7.

8. **<u>No Conflicting Obligations</u>.** Service Provider will not, at any time during the Term of the Agreement, use or disclose any trade secrets or proprietary or confidential information in such manner that may breach any confidentiality or other obligation that Service Provider owes to any former employer or other third party, without their prior written consent.

9. Insurance; Indemnification.

9.1. During the Term, the Company shall maintain Directors and Officers insurance coverage for Service Provider's benefit at least equal to the coverage provided to other officers of the Company and other members of the Board. Such coverage will be with a carrier, in amounts and on terms consistent with prevailing industry practices as in effect from time to time, based on the periodic professional assessments of a recognized insurance consultant reasonably acceptable to company's board of directors, subject to the applicable laws. Without limiting the generality of the foregoing, the Company agrees to undertake a review of its Directors and Officers insurance coverage within 60 days following the execution of this Agreement.

9.2. The Service Provider shall execute with the Company the standard indemnification agreement to the maximum extent permitted by Israeli law, in the same form as was executed by all other directors of the Company. Upon the Reincorporation, US Holdco will execute with Service Provider an indemnification agreement providing for indemnification of Service Provider to the maximum extent permitted by Delaware law.

10. General

10.1. The recitals and appendices form part of this Agreement. Headings are for reference purposes only and shall not in any way affect interpretation of this Agreement.

10.2. Neither party shall not assign any of his or its rights and obligations hereunder without the prior written consent of the other party, and any attempt to do so shall be null and void, except for the assignment of this Agreement by the Company to US Holdco upon the Reincorporation.

10.3. No behaviour by either party hereto shall be deemed to constitute a waiver of any rights according to this Agreement, a waiver of or consent to any breach or default in respect of any of the terms hereof, or a change, invalidation or addition to any term, unless expressly made in writing.

10.4. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to any choice or conflict of laws provision or rule thereof. The sole and exclusive forum for the adjudication of any action to enforce, arising out of, or relating in any way to, any of the provisions of this Agreement shall be the federal and state courts of Delaware. The parties hereby expressly consent to the jurisdiction and venue of these courts for said purpose and to the service of process by registered mail, return receipt requested, or by any other manner provided by law. The parties further expressly agree that all such actions shall be tied to the said courts without a jury and waive any right to seek a jury trial of any issues arising under this Agreement.

10.5. The terms of this Agreement shall be interpreted in such a way as to give them maximum enforceability at law. The unenforceability of any term (or part thereof) shall not affect the enforceability of any other part of this Agreement.

10.6. Service Provider hereby declares that it is aware that the Company shall rely on the statements and representations in this Agreement in managing its businesses.

10.7. This Agreement, contains the entire agreement and understanding between the parties with respect to the subject matter contained herein, and supersedes all prior discussions, agreements, representations and understandings in this regard (other than that certain Notice of an Option Award from the Company to Service Provider dated March 29, 2016). Furthermore, the parties agree that following the execution of this Agreement by both parties, the portions of the Director Agreement relating to cash compensation shall cease to apply. This Agreement shall not be modified except by an instrument in writing signed by both parties.

10.8. Provisions intended to survive the termination of this Agreement, including but not limited to Sections 2.4, 2.5, 3, 5, 6, 7. 9 and 10 herein, shall so survive.

10.9. Notices given pursuant to this Agreement shall be in writing and shall be deemed to have been duly given to the parties: if delivered personally, upon such delivery (against a signature of acceptance), if mailed by certified or registered mail, three business days thereafter (against a proper certification), if sent overnight via Fedex or similarly recognized overnight courier, one business day thereafter (against a certification of delivery), or if sent by electronic mail, on the day of written confirmation of receipt of such electronic mail, at the addressed as set forth above or such other address as either party may designate to the other in accordance with the aforesaid.

10.10. Service Provider agrees that he has been provided an opportunity to seek the advice of a tax advisor and attorney of Service Provider's choice before signing this Agreement.

10.11. Each party hereto will bear its own fees and expenses in connection with the transactions contemplated hereby, provided, however that subject the execution of this Agreement, the Company will reimburse, no later than the 10 days following the submission of a valid tax invoice to the Company, Service Provider's legal and out of pocket expenses incurred in connection with the negotiation and preparation of this Agreement, for an amount not to exceed US$25,000, to be paid directly to the legal counsel of Service Provider, Pepper Hamilton LLP (reduced by the amount of expenses (not to exceed $15,000) reimbursed to Luke Basher in connection with the documentation of his service agreement by Pepper Hamilton LLP, and provided however that in no event that shall the amount paid to the Pepper Hamilton LLP for both agreements shall exceed US$25,000); and provided further that if Service Provider is required to file a Israeli tax return as a result of his provision of services for (or his receipt of compensation from) the Company in any year, the Company will pay the reasonable fees of a tax accountant reasonably selected by Service Provider to prepare and submit that return. The Company will treat such reimbursements or payments as working condition fringe benefits described in Section 132(d) of the Internal Revenue Code.

10.12. This Agreement may be signed in two counterparts, each of which shall be deemed an original, with the same force and effectiveness as though executed in a single document

In witness whereof, the parties have executed this Agreement on the date first written above.

/s/ Phillip Schwartz	/s/ Roger Garceau
Entera Bio Ltd.	Roger Garceau

By: /s/ Phillip Schwartz
Name: Phillip Schwartz
Title: CEO

SERVICE AGREEMENT

This Agreement (the "**Agreement**") is entered into on April 6, 2017 by and between Entera Bio Ltd., an Israel corporation, having its principal offices at Hadassah Medical Center, Kiryat Hadassah, PO Box 12117, Jerusalem, Israel (the "**Company**"), and Luke Beshar of 12 Lorraine Road, Summit, New Jersey 07901 ("**Service Provider**").

(A) Effective as of December 1, 2016, the Service Provider has commenced service as the Company's Executive Chairman (the "**Commencement Date**");

(B) Service Provider and the Company desire to enter into this Agreement to memorialize their respective rights and obligations in connection with Service Provider's service as the Company's Executive Chairman (the "**Services**"); and

(C) It is the Company's intention to nominate the Service Provider as the Chairman of the Company's Board of Directors promptly following the execution of this Agreement, subject to the shareholders approvals.

NOW THEREFORE, in consideration of the mutual promises, covenants and understandings contained herein, the parties agree as follows:

1. Representations, Duties and Obligations of Service Provider

1.1. Service Provider declares and undertakes that he is free to provide the Company with the Services, upon the terms contained in this Agreement, and there are no legal, commercial or contractual restrictions preventing Service Provider from fully performing all duties hereunder.

1.2. Service Provider shall provide the Services to the Company on average 2.5 days a week, excluding for this purpose US federal holidays and ten days of paid-time-off per calendar year (the "**Scope**"). Service Provider will perform the Services from his office in Summit, New Jersey, subject to occasional travel from time to time as reasonably necessary to perform the Services.

1.3. Service Provider shall provide the Services to the Company, in accordance with the directions of the Company's Board of Directors (the "**Board**"), and will report directly to the Board.

1.4. Service Provider shall not have any other person or entity perform any of the Services.

1.5. Service Provider undertakes to perform his duties and obligations under this Agreement in a loyal, devoted and professional manner in accordance with the terms of this Agreement.

1.6. Company acknowledges that, at the time of the Commencement Date, Service Provider provides services to Sancilio Pharmaceuticals, Regenxbio Inc., Trillium Therapeutics Inc., Akcea Therapeutics and Ovid Therapeutics Inc. Company acknowledges that Service Provider may provide services to additional companies upon fulfillment of all of the following conditions: (i) Service Provider has notified the Company in writing it intends to provide services to another Company 14 days prior to commencing to provide services to the other company, (ii) such services do not and will not damage the Company's reputation, (iii) the work is provided to an entity which is not a competitor of the Company, and (iv) such services will not prevent Service Provider from performing all of his duties and obligations or providing the Services at the level and Scope required by the Company pursuant to the terms of this Agreement.

1.7. Service Provider will notify the Company immediately if anything occurs or comes to his attention which would prevent him from providing the Services contemplated by this Agreement.

1.8. Service Provider shall not, directly or indirectly, accept any commission, rebate, discount or gratuity in cash or in kind, from any person who has or is likely to have a business relationship with the Company related in any way to the Service provided by Service Provider.

1.9. It is the Company's intention to form or enter into a transaction with a Delaware or another US corporation (the "**US HoldCo**"), within the next twelve months, pursuant to which all of the Company's shares and equity rights will be exchanged for shares and equity rights in the US HoldCo, and consequently, the US HoldCo will become the parent company of the Company following such transaction (the "**Reincorporation**"). Prior to such Reincorporation, the parties agree that the Services shall be provided to the Company by Service Provider as an independent contractor. Service Provider is aware of the financial consequences resulting from his engagement as an independent contractor. Until such Reincorporation, payments by the Company to Service Provider will not be subject to tax withholding, provided, however, that Company may, if required under applicable law and subject thereto, withhold, deduct any amounts as required by applicable law from payments hereunder or in connection with this Agreement. All payments made by Company hereunder include all taxes levied or imposed upon on or in connection with the services (including without limitations any VAT), and said payments shall be solely made against proper invoices in accordance with applicable law. Should any payment required to be made to Service Provider in accordance with the provisions of this Agreement be subject to withholding of any taxes assessable, Company shall provide the Service Provider of such withholding certificate as required by applicable law. Immediately upon such Reincorporation, Service Provider will then automatically and without the need for further action by either party become an employee of the US Holdco and compensation subsequently earned by him will then be subject to tax withholding to the extent required by applicable law; provided however that the parties shall perform such further acts and execute such further documents as may reasonably be required or necessary to carry out and give full effect to the Reincorporation. For the avoidance of doubt, it is hereby clarified that upon the Reincorporation, this Agreement will be assigned to and assumed by the US Holdco, the Services shall be provided to the US Holdco and any reference to the term Company under this Agreement (including references to the issuer of the stock options described in Section 2.4, if not already issued) shall be deemed to refer to the US Holdco (except as explicitly set forth in this Agreement). Notwithstanding the foregoing, the Service Provider hereby understands that such Reincorporation will be subject to the Company's corporate approvals and other customary third party consents, as well as the receipt of satisfactory tax and regulatory approvals required for the Reincorporation (if any) according to the applicable laws. It is hereby further agreed that the company cannot guarantee that the Reincorporation will be completed.

2. Consideration

2.1. In consideration for the provision by Service Provider of the Services, Service Provider shall be entitled to payment of a monthly fee ("**Fee**") for each calendar month of Services in the amount of (i) US$21,500 per month from the Commencement Date until the Reincorporation described above in Section 1.9, and (ii) US$20,000 per month after such Reincorporation. The payment for each month shall be made no later than the 10th day of the following calendar month. The payment of the Fee shall be made without duplication and after taking into account the amount previously paid by the Company to the Service Provider, pursuant to the director agreement between the parties dated as of March 15, 2016, as amended (the "**Director Agreement**") for the period starting as of the Commencement Date and ending on the date hereof.

2.2. Service Provider will be entitled to reimbursement of medical and dental insurance expenses for an amount not to exceed US$3,000 per each month during the Term, against the provision of proper receipts from the Commencement Date until the Reincorporation described above in Section 1.9. Following the Reincorporation, the Company will provide Service Provider with medical, dental, vision and life insurance, as well as the opportunity to participate in a 401(k) (including a contribution matching feature), on terms reasonably comparable to those received by full time executive level employees of other US life science companies of similar size and stage.

2.3. Service Provider shall be entitled to reimbursement of coach class airline ticket for any local US travel, and business class airline ticket for any international travel, provided that in each such case such travel was required for the performance of the Services under this agreement**. In addition, Service Provider shall be reimbursed for** Service Provider**'s reasonable expenses incurred during his performance of the Services, provided said expenses are incurred in compliance with** any generally applicable Company expense policies in force from time to time and are against the provision of proper receipts**. Any taxable reimbursements to Service Provider will be subject to the requirements of Treas. Reg. §§ 1.409A-3(i)(1)(iv)(A)(3), (4) and (5).** Other than the payments and the reimbursement of expenses set forth in this paragraph and Sections 2, and 10.12 (or according to the director indemnification agreements between the parties), Service Provider shall not be entitled to any other compensation or reimbursement of expenses in connection with the discharge of the Services.

2.4. Options. Upon the occurrence of a Qualified Financing or QIPO (each, a "**Qualified Event**") and, except as otherwise provided below (subject to Section 2.5 below), subject to Service Provider's performance of continuous Services to the Company until the date of the Qualified Event, Service Provider will be granted options to purchase ordinary shares of the Company (the "**Options**") representing 6.5% 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 $10,000,000, then it shall be deemed for the purpose of calculating the "fully diluted basis" under this Agreement as if such amount is equal to $10,000,000. For avoidance of doubt, the determination of the Company's share capital on a "fully diluted basis" will presume the exercise of all options or other awards then outstanding or promised under the Company's Share Incentive Plan (the "**Plan**") or any similar or successor plan, agreement, or arrangement, as well as the exercise or conversion of all then outstanding warrants or other convertible or exercisable securities and taking into account the application of any anti-dilution rights that will be triggered as a result of the Qualified Event (provided however, that if the amount of new funds actually received by the Company in such Qualified Event exceeds $10,000,000, then it shall be deemed for the purpose of calculating the "fully diluted basis" under this Agreement (including, without limitation, with respect to the application of any anti-dilution rights) as if such investment amount is equal to $10,000,000). The exercise price of the Options shall be equal to the per share fair market value of ordinary shares immediately following the Qualified Event, as determined in accordance of Section 409A of the Internal Revenue Code. The Options will vest in 36 equal monthly installments over a period of 36 months, commencing as of the Commencement Date, provided that, the Options will become 100% vested and exercisable upon (i) the occurrence of a Change of Control or (ii) a cessation of Service Provider's service to the Company due to his death, Disability, resignation for Good Reason or a termination by the Company without Cause. In each case, the vesting of the Options shall be contingent upon Service Provider's continued provision of the Services to the Company until the applicable vesting date or event. Upon termination of the Services for any reason, all then unvested Options (determined after any applicable acceleration of vesting) shall terminate, and all then vested Options may be exercisable only until whichever is the later of the following dates: (i) the specific

period set in the Plan, or (ii) 10 years from the grant date of the Options. The Options will be subject to the terms of the Plan, the articles of association of the company, and an award agreement to be agreed and executed between the parties, which will include the vesting, acceleration and other terms stated in this Section 2.4. Notwithstanding anything to the contrary, in the event of any inconsistency between the terms of the Options as detailed above and the Company's option plan, the award agreement or the articles of association, the terms set forth in this Section 2.4 shall prevail. All taxes due with respect to the Options shall be borne solely by Service Provider. If Service Provider ceases to perform Services prior to the occurrence of a Qualified Event due to a termination by the Company without Cause or a resignation by the Service Provider for Good Reason, then notwithstanding such cessation of Service (but subject to Section 2.5 below), the Options will still be issued by the Company upon the occurrence of such Qualified Event, will be fully vested at the time of such issuance and will remain outstanding until the 10th anniversary of the date hereof; provided, however, that if such Qualified Event occurs more than one year following the date of Service Provider's cessation of Services, the number of shares subject to the Options will be reduced to the greater of: (x) 50% of the number of shares that would otherwise be subject to the Options (i.e., the number "6.5%" in the fifth sentence of this Section 2.4 shall be replaced the number "3.25%"), or (y) the number of shares with respect to which the Options would otherwise have been vested as of the date of Service Provider's cessation of Services based on the original 36 month vesting schedule described above (i.e., with such vesting schedule commencing as of the Commencement Date and ending as of the date of Service Provider's cessation of Services). To the extent necessary to achieve compliance with Section 409A of the Code, any Options issued pursuant to the preceding sentence will be exercisable only upon the earliest of (A) the first day of the calendar year that includes the 10th anniversary of the date hereof (in which case the Options will remain exercisable until the 10th anniversary of the date hereof), (B) the time immediately prior to the occurrence of a Change of Control that constitutes a "change in control event" described in Treas. Reg. § 1.409A-3(i)(5) (in which case the Company will provide the Service Provider with reasonable advance and not less than 7 days' prior notice of such Change of Control and the Options will expire immediately following closing of such Change of Control), or (C) the Service Provider's death (in which case the Options may be exercised by the Service Provider's heirs or estate and will remain exercisable for the remainder of the calendar year in which such death occurs).

In this Agreement, the following terms shall have the following definitions:

"**Cause**" means (a) if Service Provider is convicted or pleads no contest to a felony, or (b) any breach by Service Provider of this Agreement not cured within fourteen (14) days following delivery of a written notice to that effect by the Company.

"**CLA**" means the Convertible Promissory Note and Loan Agreement is made and entered into as of June 14, 2016 by and between the Company and the Lenders thereto.

"**Disability**" has the meaning ascribed to it in the Company's Share Incentive Plan, as in effect on the date hereof.

"**Change of Control**" shall have the meaning ascribed to it in the CLA. Notwithstanding anything to the contrary, for the purpose of this Agreement, the term "Change of Control" shall exclude the Reincorporation or any other transaction whose primary purpose is the changing of the Company's domicile.

"**Good Reason**" means the termination by Service Provider of this Agreement within 90 days after the occurrence of any of the following: (A) a reduction by the Company of Service Provider's Fee under this Agreement; (B) a relocation of Service Provider's primary worksite by more than 20 miles, provided that for the avoidance of doubt, a relocation of the Service Provider primary worksite to NYC shall be considered Good Reason; (C) a material increase in the amount of business travel required of Service Provider, determined relative to the amount of business travel performed by him for the Company during the 12 month period preceding the date of this Agreement (provided, however, that if business travel is reasonably required, as determined in good faith by agreement of the parties, then such business travel will not by itself be deemed a material increase in the amount of business travel required of the Service Provider); (D) a removal of Service Provider from the Board for any reason other than Cause, (E) in connection with any expiration of Service Provider's term of service as a member of the Board, a failure by the Company to nominate him for re-election to the Board or a failure by the Company's stockholders to re-elect Service Provider to the Board; (F) any material adverse change in Service Provider's job title, duties or responsibilities; in each of the foregoing cases, if such event, diminution or reduction is effected without the consent of Service Provider; or (G) the failure of the Company's stockholders to approve the Reincorporation by no later than 12 months following the closing date of the Qualified Event; in each of the foregoing cases, if such event, diminution, reduction or relocation is effected without the consent of the Service Provider.

"**Qualified Financing**" shall have the meaning ascribed to it in the CLA.

"**QIPO**" shall have the meaning ascribed to it in the CLA.

2.5. 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 and Service Provider continues to perform Services until the date of such Change of Control (or has ceased to perform Services prior to such Change of Control due to a termination by the Company without Cause or a resignation by the Service Provider for Good Reason), then in lieu of the issuance of Options pursuant to Section 2.4 above, the Company will pay the Service Provider a lump sum cash bonus upon closing of such Change of Control equal to the lower of (i) 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 the Service Provider of US$1,000,000; or (ii) US$3,619,254 (the "**Bonus**"). The determination of the amount described in Section 2.5(i) will be made by an independent, expert tax advisory firm selected by agreement of the parties, the fees of which will be paid by the Company. The Company shall be entitled to withhold and deduct the amounts required by the applicable laws with respect to such Bonus. Notwithstanding the foregoing, it is hereby clarified that Company shall not be required to pay the Bonus in the case of an Insolvency Event (as such term is defined in the CLA) or following such Insolvency Event. For the avoidance of doubt, it is hereby clarified that immediately following the closing of the Qualified Event or the occurrence of an Insolvency Event, this Section 2.5 shall automatically expire and be of no further force and effect, and the Service Provider shall only be entitled to receive the issuance of Options pursuant to Section 2.4 above.

3. **Status of Parties**. Until the Reincorporation described above in Section 1.9: (a) the relationship between Service Provider and the Company is one of principal and independent contractor, (b) Service Provider must perform and continue to perform all actions legally required to establish and maintain his status as an independent contractor with an independent business, (c) the parties expressly declare that no employment relationship exists between the Company and Service Provider, and (d) Service Provider acknowledges and agrees that the Company will not provide Service Provider with any employee benefits, including without limitation any employee, social security, unemployment, pension payments or any other similar payments, and that income tax withholding is Service Provider's responsibility.

4. Term and Termination

4.1. The term of this Agreement shall begin on the Commencement Date and shall continue until terminated by either party (the "**Term**"). Either party may terminate this Agreement without cause upon prior written notice of 60 days to the other party.

4.2. Notwithstanding Section 4.1 above, the Company may terminate this Agreement for Cause without prior notice (other than any cure period contemplated in clause (b) of the definition of "Cause").

4.3. Upon termination of this Agreement or at such other time as directed by the Company, Service Provider shall immediately return to the Company all assets in Service Provider's possession or control which belong to, or have been entrusted to him by, the Company. Service Provider shall neither have, nor retain, any proprietary interest in such assets.

5. Proprietary Rights

5.1. For the purposes of this Agreement "Intellectual Property" means all intellectual property rights, whether or not patentable, including without limitation (i) patents and patent applications, and any divisional, continuation, continuation in part, reissue, renewal or re-examination patent issuing therefrom (including any foreign counterparts), (ii) copyrights and registrations thereof, (iii) trade secrets and other confidential business information, whether patentable or unpatentable and whether or not reduced to practice, know-how, technology, proprietary processes, techniques, methodologies, formulae, formulations, algorithms, software, code, models, user interfaces, research and development information, copyrightable works, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information, inventions and, with respect to all of the foregoing, related confidential documentation, (iv) trademarks, service marks, trade names and applications and registrations therefor, (v) all documentation, including user manuals and training materials relating to any of the foregoing and descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing and, (vi) other proprietary rights relating to the foregoing, and any rights analogous to the foregoing anywhere in the world.

5.2. Service Provider and the Company agree that the Company shall be the owner, upon creation, of all right, title and interest in, to and under the Intellectual Property created in or as a result of any communication between Service Provider and the Company prior to and leading to this agreement, in particular as a result of any information divulged by the Company to Service Provider ("**Prior Inventions**"). Service Provider and the Company further agree that the Company shall be the owner, upon creation, of all right, title and interest in, to and under the Intellectual Property created in the course of, or in consequence of, the performance of the Agreement, which shall be deemed work made for hire, and any ensuing rights, including all rights, powers, privileges and immunities arising thereunder or conferred thereby, and all applications for intellectual or industrial property that may hereinafter be filed for the Intellectual Property in any jurisdiction, and all divisions, renewals and continuations thereof, and all registrations that may be granted thereon and all extensions and reissues thereof, together with any and all rights of priority relating to the Intellectual Property and any registrations that may be granted thereon, expressly including the right to sue for past infringement (all the above together with the Prior Inventions, as defined below, referred to as the "**Company's IP Rights**").

5.3. If the ownership in any of the Company's IP Rights, as a matter of law, not vest in the Company upon creation, then Service Provider shall assign and does hereby irrevocably assign to the Company, its successors, legal representatives all right, title and interest in, to and under the Company's IP Rights to the extent that Service Provider may have such rights, and Service Provider shall have no right whatsoever in, to and under the Company's IP Rights. To the extent that any right in the Company's IP Rights may not under applicable law be assigned to the Company as above, Service Provider hereby waives any and all such rights in favor of the Company, and Service Provider shall not have any claim to any right, moral rights, compensation, royalties or reward in respect of any such Company's IP Rights.

5.4. Service Provider agrees and undertakes to: (i) promptly disclose to the Company in writing, sufficient to identify the Company's IP Rights in question, the creation or existence of all such Company's IP Rights; and, (ii) take such action, during the term of the Agreement and thereafter, as the Company may reasonably request, to evidence, transfer, vest or confirm the Company's right, title and interest in and to the Company's IP Rights, provided that the Company will be responsible for any expenses incurred by Service Provider to comply with this section.

5.5. Service Provider hereby irrevocably appoints the Company and its duly authorized officers and agents to be Service Provider's agents and attorney in fact to act for and on the behalf of Service Provider and in his stead and to do any action and make any legal disposition in respect of the Company's IP Rights, including without limitation, to execute and file any documents, and generally do everything possible to ensure that the Company, its successors, legal representatives and assigns, obtain and enforce proper protection for the Company's IP Rights in all jurisdictions, all the foregoing with the same legal force and effect as if executed by Service Provider.

5.6. Service Provider further covenants and agrees that he will testify in any legal proceeding, sign all lawful papers, execute all divisional, continuing, reissue and foreign applications, make all rightful oaths, and generally do everything possible to aid the Company, its successors, legal representatives and assigns, to obtain and enforce proper protection for the Company's IP Rights. If the need for such cooperation by Service Provider occurs after the Term, the Company will (i) pay Service Provider $500 per hour for each hour he devotes to such matters, (ii) reimburse Service Provider for reasonable expenses incurred in connection with such matters, and (iii) exercise reasonable efforts to schedule and limit the need for Service Provider's cooperation to avoid any impact on his other professional or personal obligations.

6. Confidentiality

6.1. Service Provider agrees that all the Company information, whether in oral form, visual form or in writing, including but not limited to, all specifications, formulas, prototypes, computer programs and any and all records, data, ideas, methods, techniques, processes and projections, plans, marketing information, business plans, projects, pricing, customers and customer information, materials, financial statements, memoranda, analyses, notes, legal documents, and other data and information, as well as test results, processes, know-how, improvements, inventions, techniques, patents (whether pending or duly registered) and any know-how related thereto, relating to the Company and its affiliates, the Company IP Rights, and the terms and conditions of this Agreement, will be considered and referred to collectively as "**Confidential Information**".

6.2. Service Provider agrees that it shall not use Confidential Information for his own, or any third party's benefit; Service Provider further agrees to accept and use Confidential Information solely for the purpose of providing the Services for the benefit of Company; Service Provider shall keep in confidence and trust all Confidential Information and, except as otherwise necessary or appropriate in his performance of the Services, shall not, directly or indirectly, disclose, publish, or disseminate Confidential Information to any third party or allow the same to occur.

6.3. Without derogating from the generality of the foregoing, Service Provider agrees as follows:

6.3.1. Not to copy, transmit, reproduce, summarize, quote, publish or make any commercial or other use whatsoever of the Confidential Information, or any part thereof, except as otherwise necessary or appropriate in his performance of the Services;

6.3.2. To exercise the highest degree of care in safeguarding any Confidential Information that may be furnished to Service Provider against loss, theft or other inadvertent disclosure or dissemination and to take all reasonable steps necessary to prevent any unauthorized use, disclosure, publication, or dissemination of Confidential Information;

6.3.3. Not to enter into the databases of the Company for any purpose whatsoever, other than as necessary for the provision of the Services, including, without limitation, review, download, insert, change, delete or relocate any information.

6.3.4. That all Confidential Information, and any derivatives thereof, is and shall remain the property of the Company and its affiliates, and no license or other rights to Confidential Information is granted or implied hereby to have been granted to Service Provider, now or in the future.

6.3.5. Upon termination of this Agreement, or as otherwise requested by the Company, Service Provider shall promptly deliver to the Company all Confidential Information and any and all copies thereof, in whatever form, that had been furnished to Service Provider, prepared thereby or came to his possession in any manner whatsoever, during and in the course of his performance of this Agreement, and shall not retain or make copies thereof in whatever form.

6.3.6. The provisions of this Section 6 shall survive termination of this Agreement and shall remain in full force and effect at all times thereafter.

7. <u>Non-Competition and Non-Solicitation</u>

During the Term of this Agreement, Service Provider will not:

7.1. directly or indirectly, in any capacity whatsoever, whether independently or as a stockholder, an employee, Service Provider, an officer or any managerial capacity, carry on, set up, own, manage, control or operate, be employed, engaged or interested in a business, anywhere in the world, which competes with, or proposes to compete with, the then current business of the Company or any of its subsidiaries (the "**Group**").

7.2. directly or indirectly, in any way offer, solicit or attempt to solicit, induce or attempt to induce or endeavor to entice away, any person with whom any member of the Group has any contractual or commercial relationship as a consultant, licensor, joint venture, supplier, customer, distributor, agent or contractor of whatsoever nature, to cease his, her or its relationship with that member of the Group, or otherwise interfere in any way with the relationship between that member of the Group and such person.

7.3. directly or indirectly, in any way offer, solicit or attempt to solicit for employment or other engagement, or otherwise contract or seek to contract the services of, any individual who is employed or engaged (whether directly or indirectly) by any member of the Group or induce or entice or attempt to induce or entice such individual to leave such employment or other engagement or otherwise interfere in his or her relationship with any member of the Group.

Service Provider acknowledges that his obligations under this Section are reasonable, in light of knowledge he will gain of the Group's Confidential Information and that the consideration he receives hereunder is paid, inter alia, as consideration for his undertaking under this Section 7.

8. **No Conflicting Obligations.** Service Provider will not, at any time during the Term of the Agreement, use or disclose any trade secrets or proprietary or confidential information in such manner that may breach any confidentiality or other obligation that Service Provider owes to any former employer or other third party, without their prior written consent.

9. Insurance; Indemnification.

9.1. During the Term, the Company shall maintain Directors and Officers insurance coverage for Service Provider's benefit at least equal to the coverage provided to other officers of the Company and other members of the Board. Such coverage will be with a carrier, in amounts and on terms consistent with prevailing industry practices as in effect from time to time, based on the periodic professional assessments of a recognized insurance consultant reasonably acceptable to company's board of directors, subject to the applicable laws. Without limiting the generality of the foregoing, the Company agrees to undertake a review of its Directors and Officers insurance coverage within 60 days following the execution of this Agreement.

9.2. The Service Provider shall execute with the Company the standard indemnification agreement to the maximum extent permitted by Israeli law, in the same form as was executed by all other directors of the Company. Upon the Reincorporation, US Holdco will execute with Service Provider an indemnification agreement providing for indemnification of Service Provider to the maximum extent permitted by Delaware law.

10. General

10.1. The recitals and appendices form part of this Agreement. Headings are for reference purposes only and shall not in any way affect interpretation of this Agreement.

10.2. Neither party shall not assign any of his or its rights and obligations hereunder without the prior written consent of the other party, and any attempt to do so shall be null and void, except for the assignment of this Agreement by the Company to US Holdco upon the Reincorporation.

10.3. No behaviour by either party hereto shall be deemed to constitute a waiver of any rights according to this Agreement, a waiver of or consent to any breach or default in respect of any of the terms hereof, or a change, invalidation or addition to any term, unless expressly made in writing.

10.4. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to any choice or conflict of laws provision or rule thereof. The sole and exclusive forum for the adjudication of any action to enforce, arising out of, or relating in any way to, any of the provisions of this Agreement shall be the federal and state courts of Delaware. The parties hereby expressly consent to the jurisdiction and venue of these courts for said purpose and to the service of process by registered mail, return receipt requested, or by any other manner provided by law. The parties further expressly agree that all such actions shall be tied to the said courts without a jury and waive any right to seek a jury trial of any issues arising under this Agreement.

10.5. The terms of this Agreement shall be interpreted in such a way as to give them maximum enforceability at law. The unenforceability of any term (or part thereof) shall not affect the enforceability of any other part of this Agreement.

10.6. Service Provider hereby declares that it is aware that the Company shall rely on the statements and representations in this Agreement in managing its businesses.

10.7. This Agreement, contains the entire agreement and understanding between the parties with respect to the subject matter contained herein, and supersedes all prior discussions, agreements, representations and understandings in this regard (other than that certain Notice of an Option Award from the Company to Service Provider dated December 22, 2015). Furthermore, the parties agree that following the execution of this Agreement by both parties, the portions of the Director Agreement relating to cash compensation shall cease to apply. This Agreement shall not be modified except by an instrument in writing signed by both parties.

10.8. Provisions intended to survive the termination of this Agreement, including but not limited to Sections 2.4, 2.5, 3, 5, 6, 7. 9 and 10 herein, shall so survive.

10.9. Notices given pursuant to this Agreement shall be in writing and shall be deemed to have been duly given to the parties: if delivered personally, upon such delivery (against a signature of acceptance), if mailed by certified or registered mail, three business days thereafter (against a proper certification), if sent overnight via Fedex or similarly recognized overnight courier, one business day thereafter (against a certification of delivery), or if sent by electronic mail, on the day of written confirmation of receipt of such electronic mail, at the addressed as set forth above or such other address as either party may designate to the other in accordance with the aforesaid.

10.10. Service Provider agrees that he has been provided an opportunity to seek the advice of a tax advisor and attorney of Service Provider’s choice before signing this Agreement.

10.11. Each party hereto will bear its own fees and expenses in connection with the transactions contemplated hereby, provided, however that subject the execution of this Agreement, the Company will reimburse, no later than the 10 days following the submission of a valid tax invoice to the Company, Service Provider's legal and out of pocket expenses incurred in connection with the negotiation and preparation of this Agreement, for an amount not to exceed US$25,000, to be paid directly to the legal counsel of Service Provider, Pepper Hamilton LLP (reduced by the amount of expenses (not to exceed $10,000) reimbursed to Roger Garceau in connection with the documentation of his service agreement by Pepper Hamilton LLP, and provided however that in no event that shall the amount paid to the Pepper Hamilton LLP for both agreements shall exceed US$25,000); and provided further that if Service Provider is required to file a Israeli tax return as a result of his provision of services for (or his receipt of compensation from) the Company in any year, the Company will pay the reasonable fees of a tax accountant reasonably selected by Service Provider to prepare and submit that return. The Company will treat such reimbursements or payments as working condition fringe benefits described in Section 132(d) of the Internal Revenue Code.

10.12. This Agreement may be signed in two counterparts, each of which shall be deemed an original, with the same force and effectiveness as though executed in a single document

In witness whereof, the parties have executed this Agreement on the date first written above.

/s/ Phillip Schwartz	/s/ Luke Beshar
Entera Bio Ltd.	Luke Beshar

By: /s/ Phillip Schwartz

Name: Phillip Schwartz
Title: CEO