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As filed with the Securities and Exchange Commission on February 8, 2018

Registration No. 333-

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

FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PolyPid Ltd.
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

State of Israel	**2834**	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

18 Hasivim Street
Petach Tikva 4959376, Israel
Tel: +972 (74) 719-5700
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

PolyPid Inc.
The Atrium at 47 Maple Street
Suite 302A
Summit, NJ 07901
Telephone: (908) 378-9530

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

Copies to:

Divakar Gupta **Daniel I. Goldberg** **Joshua A. Kaufman** **Cooley LLP** **The Grace Building** **1114 Avenue of the Americas** **New York, NY 10036** **Telephone: (212) 479-6000** **Facsimile: (212) 479-6275**	**Oded Har-Even** **Eran Ben-Dor** **David Huberman** **Zysman, Aharoni, Gayer & Co.** **41-45 Rothschild Blvd.** **Tel Aviv, Israel 6578401** **Telephone: +972 (3) 795-5555** **Facsimile: +972 (3) 795-5550**	**Peter N. Handrinos** **Joshua G. Kiernan** **Nathan Ajiashvili** **Latham & Watkins LLP** **885 Third Avenue** **New York, NY 10022** **Telephone: (212) 906-1200** **Facsimile: (212) 751-4864**	**Barry P. Levenfeld** **Adrian Daniels** **Yigal Arnon & Co.** **1 Azrieli Center** **Tel-Aviv, Israel 67021** **Telephone: +972 (3) 608-7777** **Facsimile: +972 (2) 623-9236**

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date 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. o

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. o

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. o

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. o

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. ☒

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Proposed Maximum Aggregate Offering Price[1]	Amount of Registration Fee[2]
Ordinary Shares, par value NIS 0.10 per share	$86,250,000	$10,738.13

(1) Estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended. Includes the ordinary shares that the underwriters have the option to purchase.

(2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

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 of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated February 8, 2018

Shares

PolyPid Ltd.

Ordinary Shares

This is an initial public offering of the ordinary shares of PolyPid Ltd. All of the ordinary shares in this offering are being sold by the company.

Prior to this offering, there has been no public market for our ordinary shares. It is currently estimated that the initial public offering price per share will be between $ and $. Application has been made to list the ordinary shares on The Nasdaq Global Market under the symbol "POLY."

We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings.

Investing in our ordinary shares involves a high degree of risk. *See "Risk Factors" on page 11 to read about factors you should consider before buying our ordinary shares.*

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions[(1)]	$	$
Proceeds to PolyPid Ltd., before expenses	$	$

(1) See "Underwriting" beginning on page 165 for additional information regarding underwriting compensation.

The underwriters have the option to purchase up to an additional ordinary shares from us at the initial price to the public less the underwriting discounts and commissions, within 30 days from the date of this prospectus.

The underwriters expect to deliver the ordinary shares against payment in New York, New York on or about , 2018.

Goldman Sachs & Co. LLC **Cowen**

Cantor

Raymond James **Oppenheimer & Co.**

Prospectus dated , 2018

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Neither we nor the underwriters have authorized anyone to provide you with information that is different from that contained in this prospectus, any amendment or supplement to this prospectus, or in any free writing prospectus we may authorize to be delivered or made available to you. Neither we nor the underwriters take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters are offering to sell ordinary shares and seeking offers to purchase ordinary shares only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date on the front of this prospectus, regardless of the time of delivery of this prospectus or any sale of ordinary shares. Our business, financial condition, results of operations and prospects may have changed since the date on the front cover of this prospectus.

Neither we nor any of the underwriters have taken any action to permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

PolyPid and BonyPid are trademarks of ours that we use in this prospectus. This prospectus also includes trademarks, tradenames and service marks that are the property of other organizations. Solely for convenience, our trademarks and tradenames referred to in this prospectus appear without the ® or ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the right of the applicable licensor to our trademark and tradenames.

MARKET, INDUSTRY AND OTHER DATA

This prospectus contains estimates, projections and other information concerning our industry, our business, and the markets for our product candidates. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from our own internal estimates and research as well as from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources. Life Science Intelligence, Inc., the primary source for our market opportunity data included in this prospectus, was commissioned by us to compile this information.

In addition, assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause our future performance to differ materially from our assumptions and estimates. See "Special Note Regarding Forward-Looking Statements."

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before deciding to invest in our ordinary shares, you should read this entire prospectus carefully, including the sections of this prospectus entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus. Unless the context otherwise requires, references in this prospectus to the "company," "PolyPid," "we," "us," "our" and other similar designations refer to PolyPid Ltd. and its subsidiary, PolyPid Inc. The terms "shekel," "Israeli shekel" and "NIS" refer to New Israeli Shekels, the lawful currency of the State of Israel, and the terms "dollar," "U.S. dollar" or "$" refer to United States dollars, the lawful currency of the United States of America. All references to "shares" in this prospectus refer to ordinary shares of PolyPid Ltd., par value NIS 0.10 per share.

Overview

We are a clinical-stage pharmaceutical company focused on developing and commercializing novel, locally administered therapies using our transformational PLEX (Polymer-Lipid Encapsulation matriX) technology. Our product candidates are designed to address unmet medical needs by pairing PLEX with active pharmaceutical ingredients, or APIs, which are delivered locally at customized, predetermined release rates and durations over periods ranging from days to several months. We believe that our PLEX technology represents a paradigm shift in the treatment of a wide variety of localized medical conditions, including infection, pain, inflammation and cancer. Our initial family of product candidates pairs PLEX with the widely-used, versatile antibiotic doxycycline, which we refer to as the D-PLEX family. Based on results from our clinical trials to date, none of the 103 patients treated in our clinical trials of our D-PLEX product candidates developed an infection after treatment.

We are initially focused on the development of our lead product candidate, D-PLEX$_{100}$, for the management of surgical site infections, or SSIs, in bone and soft tissue. We recently reported interim results from our fully-enrolled Phase 1b/2 clinical trial of D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac surgery. During the three-month period after treatment, we observed no sternal wound infections in any of the patients treated with D-PLEX$_{100}$ and the standard of care. In contrast, we observed a 4.5% infection rate in the control group of patients who received the standard of care alone. According to recent literature, the expected infection rate for patients receiving the standard of care alone is 5% to 8%. We plan to submit an Investigational New Drug, or IND, application for D-PLEX$_{100}$ to the U.S. Food and Drug Administration, or FDA, and a clinical trial application, or CTA, to the European national competent authorities early in the fourth quarter of 2018, and to commence a Phase 3 clinical trial in this indication shortly thereafter. Early in the fourth quarter of 2018, we also plan to commence a Phase 2 clinical trial of D-PLEX$_{100}$ for the prevention of SSIs, to be conducted in patients undergoing abdominal surgery. We intend to seek approval for our product candidates under the Section 505(b)(2) pathway for marketing approval by the FDA, in the United States, and the hybrid application pathway in the European Union. We received a designation of Qualified Infectious Disease Product, or QIDP, from the FDA for D-PLEX$_{100}$ for the prevention of sternal infection after cardiac surgery.

Systemic administration of drugs is currently used for the treatment of a wide variety of medical conditions. However, we believe there can be significant disadvantages to systemic administration of drugs for localized conditions, such as the need to use a higher amount of drugs in treatment, prolonged exposure to drugs that may cause side effects (including damage to non-targeted organs), limited efficacy due to poor penetration or access from the bloodstream into the target tissue and challenges related to solubility or sensitivity to blood factors. Localized delivery

systems that have been developed to address the problems of systemic administration also have disadvantages, including short release periods and poor control of drug release rates. We believe our PLEX technology has the potential to improve patient outcomes and lower the overall cost of treatment by enabling local, customizable, predetermined and controlled delivery of drugs, thereby addressing many of the shortcomings of systemic administration and existing localized delivery systems.

Our PLEX technology consists of a proprietary matrix of layers of chemically-inert and biodegradable polymers and lipids that physically entrap an API in a protected reservoir, enabling localized, bioavailable drug delivery at customizable, predetermined release rates and durations over periods ranging from days to several months. We believe that these characteristics may enable our PLEX product candidates to be therapeutically effective using only a small fraction of the APIs required in systemic administration of currently marketed therapies. Because PLEX is agnostic to the nature and size of the underlying drug, it has the potential to be paired with a wide variety of currently marketed drugs or product candidates in development, including small molecules, peptides, antibodies, as well as nucleic acid-based APIs, to create novel therapies in a broad range of indications.

We are initially developing product candidates using our PLEX technology for the prevention of SSIs. Infection resulting from surgery and trauma can be fatal and creates a significant public health burden despite the extensive use of systemically administered antibiotics both pre- and post-surgery. SSIs occur in approximately 2% to 5% of patients undergoing inpatient surgery worldwide. The WHO reports that SSIs account for an estimated $10 billion of incremental hospital costs per year in the United States and €11 billion per year in the European Union. We expect the costs associated with SSIs to continue to grow in the face of the increasing resistance of bacteria to antibiotics, as safety concerns often preclude the increase of systemic dosages and/or treatment duration to address resistance.

We believe that, by combining doxycycline with our proprietary PLEX technology, D-PLEX$_{100}$ has the potential to overcome the limitations of other available treatments and deliver significant advantages in the management of SSIs, including:

- localized delivery of an antibiotic at therapeutically effective concentrations for up to four weeks;
- applicability to a wide range of bacteria in a variety of settings, including methicillin-resistant *Staphylococcus aureus*, or MRSA, and community-associated MRSA;
- increased penetration and access to the infection site;
- reduced risk of overall toxicity and adverse side effects due to minimization of systemic exposure and significant decrease of total drug volume delivered;
- simplicity of administration during surgery;
- biodegradability; and
- reduction of patient compliance concerns.

Our lead product candidate from this family, D-PLEX$_{100}$, which is being developed to manage bone and soft tissue SSIs, received QIDP designation from the FDA in February 2017 for the prevention of sternal infection after cardiac surgery. We recently announced the results of the primary efficacy endpoint from our fully-enrolled Phase 1b/2 clinical trial of D-PLEX$_{100}$ in 81 patients in this indication, observed at the three month follow-up study period. During the three-month period after treatment, we observed no sternal wound infections in any of the 58 patients treated with D-PLEX$_{100}$ and the standard of care. In contrast, we observed a 4.5% infection rate in the

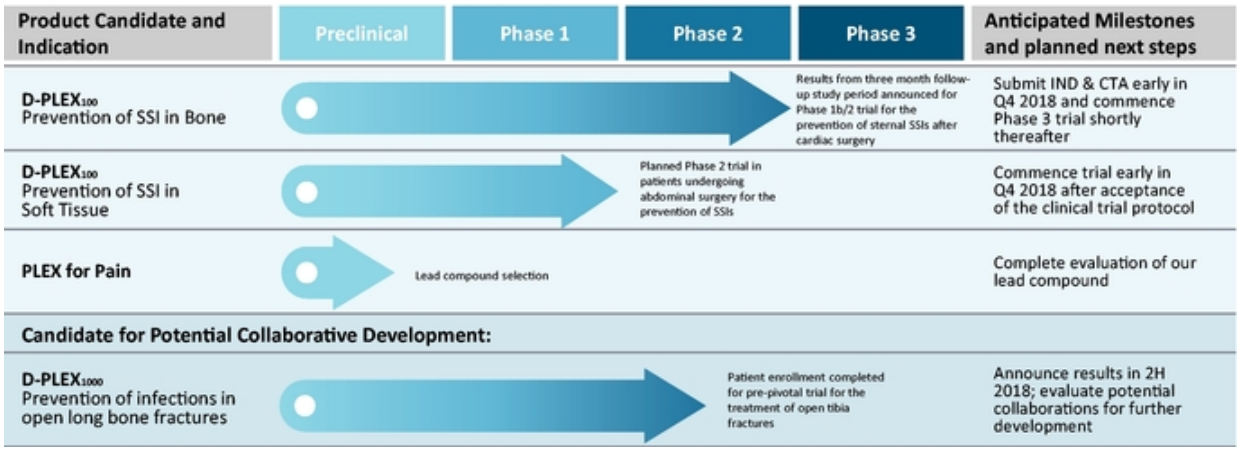
control group of patients who received the standard of care alone. According to recent literature, the expected infection rate for patients receiving the standard of care alone is 5% to 8%. We held an end of Phase 2 meeting with the FDA in the first quarter of 2018 to obtain alignment on our Phase 3 clinical trial design. We plan to submit an IND for D-PLEX$_{100}$ to the FDA and a CTA to the European national competent authorities early in the fourth quarter of 2018, and to commence our Phase 3 clinical trial in sternal SSIs after cardiac surgery shortly thereafter. We also plan to commence a Phase 2 trial of D-PLEX$_{100}$ for the prevention of SSIs, to be conducted in patients undergoing abdominal surgery early in the fourth quarter of 2018. We plan to seek approval of D-PLEX$_{100}$ in the United States under Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act, or the FFDCA, which is administered by the FDA, and the comparable hybrid application pathway in the European Union.

We have developed D-PLEX$_{1000}$, which was formerly known as BonyPid-1000 and is another product candidate from the D-PLEX family, for use in connection with orthopedic surgeries for the prevention of SSIs and support of bone recovery. Often, bone will not heal in the presence of infection. We have completed enrollment of a clinical trial in 51 patients evaluating the safety and effectiveness of D-PLEX$_{1000}$ for the treatment of open tibia fractures. Based on results from our clinical trials of D-PLEX$_{1000}$ to date, none of the 32 patients treated with D-PLEX$_{1000}$ developed infections in the target fracture. In a retrospective analysis of the medical records of 49 patients treated for similar open long bone fractures with the standard of care at the same clinical trial sites where we conducted our D-PLEX$_{1000}$ clinical trials, we found a target fracture infection rate of up to 25%. We have announced interim results that indicated statistically significant reductions in self-assessments of pain using the Visual Analogue Scale twelve weeks after surgery. We expect to report the full results of this trial in the second half of 2018. We do not currently plan to pursue further independent development of D-PLEX$_{1000}$, as we believe the orthopedic SSI market can be adequately addressed by D-PLEX$_{100}$.

Our PLEX platform technology may have broad applications for localized medical conditions other than the prevention of SSIs. We are pursuing research and development programs for our PLEX platform in a variety of potential indications, including for the treatment of SSIs, pain, inflammation and cancer. We are in discussions with global biopharmaceutical companies to license our PLEX platform for use with various biologics and small molecules.

Product Candidate Pipeline

Our PLEX product candidate pipeline is set forth below:



Growth Strategy

- Complete clinical development of and seek approval for D-PLEX$_{100}$ for the management of bone and soft tissue SSIs in the United States and the European Union.
- Pursue expedited and fast track regulatory pathways for the approval and commercialization of our product candidates.
- Leverage our PLEX technology to expand our product pipeline for other indications.
- Evaluate and selectively pursue collaborations with leading biopharmaceutical companies.
- Retain commercial rights in the United States and selectively partner outside of the United States.
- Establish our cGMP manufacturing facility.
- Expand our intellectual property position.

Risks Associated With Our Business

Our business is subject to a number of risks of which you should be aware before making an investment decision. These risks are discussed more fully in the "Risk Factors" section of this prospectus immediately following this prospectus summary. These risks include, among others, the following:

- We have a limited operating history and have incurred significant losses since our inception. We anticipate that we will continue to incur significant losses for the foreseeable future, and we may never achieve or maintain profitability.
- We have never generated any revenue from product sales and may never be profitable.
- We are heavily dependent on the success of our product candidates, including obtaining regulatory approval to market our product candidates in the United States and in the European Union.
- Our product candidates are based on a novel technology, which makes it difficult to predict the time and cost of development and of subsequently obtaining regulatory approval.
- Our product candidates and the administration of our product candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label or result in significant negative consequences following marketing approval, if any.
- We rely on third parties to conduct certain elements of our preclinical studies and clinical trials and perform other tasks for us. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or comply with regulatory requirements, we may not be able to obtain regulatory approval for or commercialize our product candidates.
- Although we intend to establish our own cGMP compliant manufacturing facility, we expect to utilize a third party to conduct our product manufacturing, in whole or in part, at least through 2019. Therefore, we are subject to the risk that this third party may not perform satisfactorily.
- We currently have no marketing and sales organization. If we are unable to establish sales and marketing capabilities, or enter into agreements with third parties to market and sell our product candidates, if approved, we may be unable to generate any product revenue.

- We may be classified as a passive foreign investment company for the current taxable year and in the foreseeable future, which could cause our U.S. shareholders to suffer adverse tax consequences.

Corporate Information

We are an Israeli corporation based in Israel near Tel Aviv, and were incorporated in 2008. Our principal executive offices are located at 18 Hasivim Street, P.O. Box 7126, Petach Tikva 4959376 Israel. Our telephone number is +972 (74) 719-5700. Our website address is *www.polypid.com*. The information contained on our website and available through our website is not incorporated by reference into and should not be considered a part of this prospectus, and the reference to our website in this prospectus is an inactive textual reference only.

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

As a company with less than $1.07 billion in revenue during our last fiscal year, 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 include 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 our initial registration statement;
- reduced executive compensation disclosure; and
- 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.

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 upon the earlier to occur of: (1) the last day of the fiscal year in which we have total annual gross revenues of $1.07 billion or more; (2) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years; or (3) the date on which we are deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission, or the SEC. We may choose to take advantage of some but not all of these reduced burdens, and therefore the information that we provide holders of our ordinary shares may be different than the information you might receive from other public companies in which you hold equity. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards applicable to public companies. We have irrevocably elected to opt out of such extended transition period.

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 status. Even after we no longer qualify as an emerging growth company, as long as we continue to qualify as a foreign private issuer 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 with respect to 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; and

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial statements and other specified information, and current reports on Form 8-K upon the occurrence of specified significant events.

Both foreign private issuers and emerging growth companies are also exempt from certain more stringent executive compensation disclosure rules. Thus, even if we no longer qualify as an emerging growth company, but remain a foreign private issuer, we will continue to be exempt from the more stringent compensation disclosures required of companies that are neither an emerging growth company nor a foreign private issuer.

THE OFFERING

Ordinary shares offered by us	ordinary shares
Ordinary shares to be outstanding immediately after this offering	ordinary shares (or ordinary shares if the underwriters exercise their option to purchase an additional ordinary shares in full)
Option to purchase additional ordinary shares	We have granted the underwriters an option for a period of 30 days after the date of this prospectus to purchase up to additional ordinary shares.
Use of proceeds	We estimate that the net proceeds to us from this offering will be approximately $ million, or approximately $ million if the underwriters exercise their option to purchase additional ordinary shares in full, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, based on an assumed initial public offering price of $ per ordinary share, which is the midpoint of the price range set forth on the cover page of this prospectus. We intend to use the net proceeds from this offering, together with our existing cash and cash equivalents and short-term deposits: (i) to fund clinical development of our product candidates, including our planned Phase 3 clinical trial of D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac surgery, and our planned Phase 2 clinical trial of D-PLEX$_{100}$ for the prevention of SSIs, to be conducted in patients undergoing abdominal surgery, (ii) to continue construction of our pilot manufacturing facility and initiate preparations for our larger commercial-scale cGMP compliant manufacturing facility and (iii) for general corporate purposes and working capital. See "Use of Proceeds" for more information about the intended use of proceeds from this offering.
Passive foreign investment company considerations	Based upon the expected value of our assets, including any goodwill, and the expected nature and composition of our income and assets, we may be classified as a passive foreign investment company, or a PFIC, for the taxable year ending December 31, 2018 and in future taxable years. In particular, so long as we do not generate revenue from operations for any taxable year and do not receive any research and development grants, or if such grants that we receive do not constitute gross income for purposes of the PFIC test, we likely will be classified as a PFIC for such taxable year.

Proposed Nasdaq Global Market symbol	Application has been made to have our ordinary shares listed on The Nasdaq Global Market under the symbol "POLY."

Unless otherwise stated, the number of ordinary shares to be outstanding after this offering is based on 78,231,022 ordinary shares outstanding as of December 31, 2017, and excludes the following:

- 16,151,970 ordinary shares reserved for issuance upon the exercise of outstanding options as of December 31, 2017, at a weighted average exercise price of $0.61 per share;
- 7,167,786 ordinary shares reserved for issuance under our Amended and Restated 2012 Share Option Plan, as of the date of this prospectus, as well as any automatic increases in the number of ordinary shares reserved for issuance under the Amended and Restated 2012 Share Option Plan; and
- 23,057,712 ordinary shares issuable upon the exercise of outstanding warrants to purchase Series D-2 preferred shares, at a weighted average exercise price of $1.10 per share, which warrants will automatically convert into warrants to purchase ordinary shares upon the closing of this offering and are expected to remain outstanding at the consummation of this offering.

Unless otherwise indicated, all information in this prospectus assumes or gives effect to:

- an initial public offering price of $ per ordinary share, which is the midpoint of the price range set forth on the cover page of this prospectus;
- no exercise of the underwriters' option to purchase up to an additional ordinary shares;
- the automatic conversion of all outstanding preferred shares into 73,107,811 ordinary shares, which will occur upon the closing of this offering;
- the exercise of warrants to purchase 450,000 Series A preferred shares, and the automatic conversion thereof into 450,000 ordinary shares, which will occur upon the closing of this offering;
- a -for- reverse share split to be effected on , 2018, by means of distribution of a share dividend of ordinary shares for each ordinary share then outstanding; and
- the adoption of our amended and restated articles of association prior to the closing of this offering, which will replace our amended and restated articles of association as currently in effect.

SUMMARY FINANCIAL DATA

The following table summarizes our financial data. We have derived the following statements of operations data for the years ended December 31, 2016 and 2017 and the balance sheet data as of December 31, 2017 from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future, and our results for any interim period are not necessarily indicative of results that may be expected for any full year. The following summary financial data should be read in conjunction with "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,	
	2016	2017
	(in thousands, except share and per share amounts)	
Research and development, net	$ 7,708	$ 9,736
General and administrative	2,551	4,064
Operating loss	10,259	13,800
Financial expenses, net	1,133	40,688
Net loss	$ 11,392	$ 54,488
Deemed dividend	$ —	$ 1,255
Net loss attributable to ordinary shares	11,392	55,743
Basic and diluted net loss per ordinary share	$ (3.08)	$ (12.75)
Weighted average number of ordinary shares, basic and diluted	4,544,628	4,673,405
Pro forma basic and diluted net loss per ordinary share[1]		$ (0.79)
Pro forma weighted average number of ordinary shares, basic and diluted		70,580,159

(1) See Note 13 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate the historical and pro forma basic and diluted net loss per ordinary share.

	As of December 31, 2017		
	Actual	Pro Forma[1]	Pro Forma As Adjusted[2]
	(unaudited) (in thousands)		
Balance Sheet Data:			
Cash, cash equivalents and short-term deposits	$ 17,938	$ 17,951	$
Working capital[3]	15,366	15,379	
Total assets	22,984	21,909	
Convertible preferred shares	59,983	—	
Convertible preferred shares warrant liability	47,399	—	
Total shareholders' equity (deficiency)	(88,646)	17,661	

(1) Pro forma balance sheet data give effect to: (i) the automatic conversion of all outstanding preferred shares into 73,107,811 ordinary shares upon the closing of this offering and (ii) the exercise of warrants to purchase 450,000 Series A preferred shares, and the automatic conversion thereof into 450,000 ordinary shares, which will occur upon the closing of this offering.

(2) Pro forma as adjusted balance sheet data give additional effect to the sale of ordinary shares in this offering at the assumed initial public offering price of $ per ordinary share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

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

The pro forma information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, total assets and shareholders' equity (deficiency) by $ million, assuming that the number of ordinary shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of ordinary shares offered by us at the assumed initial public offering price would increase (decrease) each of cash and cash equivalents, total assets and shareholders' equity (deficiency) by $ million.

RISK FACTORS

Investing in our ordinary shares involves a high degree of risk. You should carefully consider the risks and uncertainties described below, in addition to the other information set forth in this prospectus, including the consolidated financial statements and the related notes included elsewhere in this prospectus, before purchasing our ordinary shares. If any of the following risks actually occurs, our business, financial condition, cash flows and results of operations could be negatively impacted. In that case, the trading price of our ordinary shares would likely decline and you might lose all or part of your investment.

Risks Related to Our Financial Condition and Capital Requirements

We have a limited operating history and have incurred significant losses since our inception. We anticipate that we will continue to incur significant losses for the foreseeable future, and we may never achieve or maintain profitability.

We are a clinical stage pharmaceutical company with a limited operating history. We have incurred net losses each year since our inception, including net losses of $11.4 million and $54.5 million for the years ended December 31, 2016 and 2017, respectively, and net losses attributable to ordinary shares of $11.4 million and $55.7 million for the years ended December 31, 2016 and 2017, respectively. As of December 31, 2017, we had an accumulated deficit of $92.3 million.

We have devoted substantially all of our financial resources to designing and developing our product candidates, including conducting preclinical studies and clinical trials and providing general and administrative support for these operations. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. Our ability to ultimately achieve recurring revenues and profitability is dependent upon our ability to successfully complete the development of our product candidates, obtain necessary regulatory approvals for and successfully manufacture, market and commercialize our products. We anticipate that our expenses will increase substantially based on a number of factors, including to the extent that we:

- continue our clinical development of D-PLEX$_{100}$ for the prevention of sternal surgical site infections, or SSIs, after cardiac surgery and SSIs in patients undergoing abdominal surgery, and other potential indications;
- seek regulatory and marketing approvals for our product candidates that successfully complete clinical studies;
- identify, assess, acquire, license and/or develop other product candidates;
- establish and validate one or more commercial-scale current good manufacturing practices, or cGMP, manufacturing facilities;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- hire personnel and invest in additional infrastructure to support our operations as a public company and expand our product development;
- enter into agreements to license intellectual property from third parties;
- develop, maintain, protect and expand our intellectual property portfolio; and
- experience any delays or encounter issues with respect to any of the above, including but not limited to failed studies, complex results, safety issues or other regulatory challenges

that require longer follow-up of existing studies, additional major studies or additional supportive studies in order to pursue marketing approval.

To date, we have financed our operations primarily through the sale of equity securities, convertible loans made by certain of our shareholders, royalty-bearing and non-royalty bearing grants that we received from the Israeli Innovation Authority, or the IIA, formerly known as the Office of the Chief Scientist of the Ministry of Economy and Industry, and non-royalty bearing grants under the European Commission's Seventh Framework Programme for Research, or FP7. The amount of our future net losses will depend, in part, on the rate of our future expenditures and our ability to obtain funding through equity or debt financings, strategic collaborations, or grants. Even if we obtain regulatory approval to market one or more product candidates, our future revenue will depend upon the size of any markets in which such product candidates receive approval, and our ability to achieve sufficient market acceptance, pricing, reimbursement from third-party payors for such product candidates. Further, the net losses that we incur may fluctuate significantly from quarter to quarter and year to year, such that a period-to-period comparison of our results of operations may not be a good indication of our future performance. Other unanticipated costs may also arise.

We have never generated any revenue from product sales and may never be profitable.

We have no products approved for marketing in any jurisdiction and we have never generated any revenue from product sales. Our ability to generate revenue and achieve profitability depends on our ability, alone or with strategic collaboration partners, to successfully complete the development of, and obtain the regulatory and marketing approvals necessary to commercialize one or more of our product candidates. We do not anticipate generating revenue from product sales for at least the next several years. Our ability to generate future revenue from product sales will depend heavily on our ability to:

- complete research and preclinical and clinical development of our product candidates in a timely and successful manner;
- obtain regulatory and marketing approval for those of our product candidates for which we complete clinical studies;
- develop and obtain regulatory approval for a sustainable and scalable in-house and/or third-party manufacturing process that meets all applicable regulatory standards for our approved product candidates;
- establish and maintain supply and, if applicable, manufacturing relationships with third parties that can provide adequate, in both amount and quality, products to support clinical development and the market demand for our product candidates, if and when approved;
- launch and commercialize our product candidates for which we obtain regulatory and marketing approval, either directly by establishing a sales force, marketing and distribution infrastructure, and/or with collaborators or distributors;
- expose, educate and train physicians and other medical professionals to use our products;
- obtain market acceptance, if and when approved, of our product candidates from the medical community and third-party payors;
- ensure our product candidates are approved for reimbursement from governmental agencies, health care providers and insurers in jurisdictions where they have been approved for marketing;

- address any competing technological and market developments that impact our product candidates or their prospective usage by medical professionals;
- identify, assess, acquire and/or develop new product candidates;
- negotiate favorable terms in any collaboration, licensing or other arrangements into which we may enter and perform our obligations under such collaborations;
- maintain, protect and expand our portfolio of intellectual property rights, including patents, patent applications, trade secrets and know-how;
- avoid and defend against third-party interference or infringement claims;
- attract, hire and retain qualified personnel; and
- locate and lease or acquire suitable facilities to support our clinical development, manufacturing facilities and commercial expansion.

Even if one or more of our product candidates is approved for marketing and sale, we anticipate incurring significant incremental costs associated with commercializing such product candidates. Our expenses could increase beyond expectations if we are required by the United States Food and Drug Administration, or the FDA, the European Medicines Agency, or the EMA, or other regulatory agencies, domestic or foreign, or ethical committees in medical centers, to change our manufacturing processes or assays or to perform clinical, nonclinical, or other types of studies in addition to those that we currently anticipate. Even if we are successful in obtaining regulatory approvals to market one or more of our product candidates, our revenue earned from such product candidates will be dependent in part upon the size of the markets in the territories for which we gain regulatory approval for such products, the accepted price for such products, our ability to obtain reimbursement for such products at any price, whether we own the commercial rights for that territory in which such products have been approved and the expenses associated with manufacturing and marketing such products for such markets. Therefore, we may not generate significant revenue from the sale of such products, even if approved. Further, if we are not able to generate significant revenue from the sale of our approved products, we may be forced to curtail or cease our operations. Due to the numerous risks and uncertainties involved in product development, it is difficult to predict the timing or amount of increased expenses, or when, or if, we will be able to achieve or maintain profitability.

Even if this offering is successful, we will need to raise substantial additional funding, which may not be available on acceptable terms, or at all. Failure to obtain funding on acceptable terms and on a timely basis may require us to curtail, delay or discontinue our product development efforts or other operations.

We are currently advancing our product candidates through preclinical and clinical development in an effort to obtain regulatory approval. We recently announced interim results from our Phase 1b/2 clinical trial of our lead product candidate, D-PLEX$_{100}$, for the prevention of sternal SSIs after cardiac surgery. We plan to submit an Investigational New Drug, or IND, application for D-PLEX$_{100}$ to the FDA, and a clinical trial application, or CTA, to the European national competent authorities, early in the fourth quarter of 2018, and to commence a Phase 3 clinical trial in this indication shortly thereafter. Early in the fourth quarter of 2018, we also plan to commence a Phase 2 clinical trial in patients undergoing abdominal surgery for the prevention of SSIs.

Developing our product candidates is expensive, and we expect our research and development expenses to increase substantially in connection with our ongoing activities, particularly as we advance our product candidates through clinical studies and regulatory approval.

Furthermore, upon the closing of this offering, we expect to incur additional ongoing costs associated with operating as a public company.

As of December 31, 2017, we had cash, cash equivalents and short-term deposits of $17.9 million. We will require significant additional financing in the future to fund our operations. Our future funding requirements will depend on many factors, including but not limited to:

- the progress, results and costs of our current and planned clinical trials of D-PLEX$_{100}$ and our other future product candidates;
- the cost, timing and outcomes of regulatory review of D-PLEX$_{100}$ and our other future product candidates;
- the costs of establishing and maintaining one or more of our own commercial-scale cGMP manufacturing facilities and/or engaging third-party manufacturers therefor;
- the scope, progress, results and costs of product development, laboratory testing, manufacturing, preclinical development and clinical trials for any other product candidates that we may develop or otherwise obtain in the future;
- the cost of our future activities, including establishing sales, marketing and distribution capabilities for any product candidates in any particular geography where we receive marketing approval for such product candidates;
- the terms and timing of any collaborative, licensing and other arrangements that we may establish;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims; and
- the level of revenue, if any, received from commercial sales of any product candidates for which we receive marketing approval.

Identifying potential product candidates and conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our product candidates, if and when approved, may not achieve commercial success. Our product revenues, if any, will be derived from or based on sales of product candidates that may not be commercially available for many years, if at all. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. Any additional fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our product candidates.

We cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all, and the terms of any financing may adversely affect the interests or rights of our shareholders. Even if we believe that we have sufficient funds for our current or future operating plans, we may seek additional capital if market conditions are favorable or if we have specific strategic considerations. The issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our shares to decline.

We may seek additional capital through a combination of equity offerings, debt financings and collaborations and strategic and licensing arrangements. 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 such securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. If we raise additional funds through collaboration

and licensing arrangements with third parties, it may be necessary to relinquish certain rights to our technologies or our product candidates, or to grant licenses on terms that are not favorable to us.

If we are unable to obtain funding on acceptable terms and on a timely basis, we may be required to significantly curtail, delay or discontinue one or more of our research, development or manufacturing programs or the commercialization of any approved product, or be unable to expand our operations or otherwise capitalize on our business opportunities, as desired, which could materially affect our business, financial condition and results of operations.

Risks Related to the Discovery, Development and Clinical Testing of Our Product Candidates

We are heavily dependent on the success of our product candidates, including obtaining regulatory approval to market our product candidates in the United States and the European Union.

To date, we have invested all of our efforts and financial resources to: (i) research and develop our PLEX technology, our lead product candidate, D-PLEX$_{100}$, and our other product candidates, including conducting preclinical and clinical studies and providing general and administrative support for these operations; and (ii) develop and secure our intellectual property portfolio for our product candidates. Our future success is dependent on our ability to successfully develop, obtain regulatory approval for and commercialize one or more of our current and future product candidates. Our product candidates' marketability is subject to significant risks associated with successfully completing current and future clinical trials, including:

- the FDA's timely acceptance of our IND, and the European national competent authorities' timely acceptance of our CTA, which we intend to submit early in the fourth quarter of 2018, for our planned Phase 3 clinical trial of D-PLEX$_{100}$ for prevention of sternal SSIs after cardiac surgery, and pursuant to which we also plan to conduct a Phase 2 clinical trial in patients undergoing abdominal surgery for the prevention of SSIs, and for any other product candidates for which we may file an IND or a CTA, as applicable, without which we would be unable to commence such clinical trials in the United States or the European Union, respectively;

- acceptance by the FDA, EMA or other regulatory agencies of our parameters for regulatory approval relating to D-PLEX$_{100}$ and our other product candidates, including our proposed indications, primary and secondary endpoint assessments and measurements, safety evaluations and regulatory pathways;

- the acceptance by the FDA, EMA or other regulatory agencies of the number, design, size, conduct and implementation of our clinical trials, our trial protocols and the interpretation of data from preclinical studies or clinical trials;

- our ability to successfully complete the clinical trials of our product candidates, including timely patient enrollment and acceptable safety and efficacy data and our ability to demonstrate the safety and efficacy of the product candidates undergoing such clinical trials;

- our ability to commence a Phase 3 clinical trial of D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac surgery in the United States following an IND submission, if accepted, and our ability to complete such trial in a timely fashion, and that such single pivotal Phase 3 clinical trial, even if successfully completed, will be sufficient to support approval of a New Drug Application, or NDA;

- the FDA's acceptance of the sufficiency of the data we collected from our preclinical studies and our Phase 1b/2 clinical trial of D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac

surgery, and that we expect to collect from toxicological studies that we may conduct to support the submission of an IND without requiring additional preclinical studies or clinical trials;

- the willingness of the FDA, EMA or other regulatory agencies to schedule an advisory committee meeting in a timely manner to evaluate and decide on the approval of our regulatory filings, if such advisory committee meetings are required;
- the recommendation of the FDA's advisory committee to approve our applications to market D-PLEX$_{100}$ and our other product candidates in the United States, and the EMA in the European Union, if such advisory committee reviews are scheduled, without limiting the approved labeling, specifications, distribution or use of the products, or imposing other restrictions;
- the satisfaction of the FDA, EMA or other regulatory agencies with the safety and efficacy of our product candidates;
- the prevalence and severity of adverse events associated with our product candidates;
- the timely and satisfactory performance by third-party contractors, trial sites and principal investigators of their obligations in relation to our clinical trials;
- our success in educating medical professionals and patients about the benefits, administration and use of our product candidates, if approved;
- the availability, perceived advantages, relative cost, safety and efficacy of alternative and competing treatments for the indications addressed by our product candidates;
- the effectiveness of our marketing, sales and distribution strategy, and operations, as well as that of any current and future licensees;
- our ability to develop, validate and maintain a commercially viable manufacturing process that is compliant with current good manufacturing practices, or cGMP;
- our ability to obtain, protect and enforce our intellectual property rights with respect to our product candidates; and
- changes to regulatory guidelines.

Many of these clinical, regulatory and commercial risks are beyond our control. Accordingly, we cannot assure you that we will be able to advance any of our product candidates through clinical development, or to obtain regulatory approval of or commercialize any of our product candidates. If we fail to achieve these objectives or overcome the challenges presented above, we could experience significant delays or an inability to successfully commercialize our product candidates. Accordingly, we may not be able to generate sufficient revenues through the sale of our product candidates to enable us to continue our business.

We may be unable to obtain regulatory approval for our product candidates.

The research, development, testing, manufacturing, labeling, packaging, approval, promotion, advertising, storage, recordkeeping, marketing, distribution, post-approval monitoring and reporting and export and import of drug products are subject to extensive regulation by the FDA, the EMA and by foreign regulatory authorities in other countries. These regulations differ from country to country. To gain approval to market our product candidates, we must provide data from well-controlled clinical trials that adequately demonstrate the safety and efficacy of the product for the intended indication to the satisfaction of the FDA, EMA or other regulatory authority. We have not yet obtained regulatory approval to market any of our product candidates in the United States

or any other country. The FDA, EMA or other regulatory agencies can delay, limit or deny approval of our product candidates for many reasons, including:

- regulatory requests for additional analyses, reports, data, non-clinical and preclinical studies and clinical trials;
- our inability to demonstrate that the product candidates are safe and effective for the target indication to the satisfaction of the FDA, EMA or other regulatory agencies;
- the FDA's, EMA's, or other regulatory agencies' disagreement with our trial protocol, the interpretation of data from preclinical studies or clinical trials, or adequacy of the conduct and control of clinical trials;
- clinical holds, other regulatory objections to commencing or continuing a clinical trial or the inability to obtain regulatory approval to commence a clinical trial in countries that require such approvals;
- the population studied in the clinical trial may not be sufficiently broad or representative to assess safety in the patient population for which we seek approval;
- unfavorable or inconclusive results of clinical trials and supportive non-clinical studies, including unfavorable results regarding safety or efficacy of our product candidates observed in clinical trials;
- our inability to demonstrate that clinical or other benefits of our product candidates outweigh any safety or other perceived risks;
- any determination that a clinical trial presents unacceptable health risks to subjects;
- our inability to obtain approval from institutional review boards, or IRBs, to conduct clinical trials at their respective sites;
- the FDA's determination that the 505(b)(2) regulatory pathway is not available for our product candidates;
- the non-approval of the formulation, labeling or the specifications of our product candidates;
- the failure to accept the manufacturing processes or facilities at our manufacturing facility or those of third-party manufacturers with which we contract;
- the potential for approval policies or regulations of the FDA, EMA or other regulatory agencies to significantly change in a manner rendering our clinical data insufficient for approval; or
- resistance to approval from the advisory committees of the FDA, EMA or other regulatory agencies for any reason including safety or efficacy concerns.

In the United States, we will be required to submit an NDA to obtain FDA approval before marketing any of our product candidates. An NDA must include extensive preclinical and clinical data and supporting information to establish the product candidate's safety and efficacy for each desired indication. In the case of an NDA covered by Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act, or the FFDCA, we may rely in part on data not developed by us and for which we have not obtained a right of reference or use, including published scientific literature or the FDA's findings of safety and/or effectiveness for a previously approved drug. The NDA must also include significant information regarding the chemistry, manufacturing and controls for the product. The FDA may further inspect our manufacturing facilities to ensure that the facilities can manufacture our product candidates and our products, if and when approved, in compliance with the applicable regulatory requirements, as well as inspect our clinical trial sites to ensure that our

studies are properly conducted. Obtaining approval of an NDA is a lengthy, expensive and uncertain process, and approval may not be obtained. Upon submission of an NDA, the FDA must make an initial determination that the application is sufficiently complete to accept the submission for filing. We cannot be certain that any submissions will be accepted for filing and review by the FDA, or ultimately be approved. If the application is not accepted for review or approval, the FDA may require that we conduct additional clinical or preclinical trials, or take other actions before it will reconsider our application. If the FDA requires additional studies or data, we would incur increased costs and delays in the marketing approval process, which may require us to expend more resources than we have available. In addition, the FDA may not consider any additional information to be complete or sufficient to support approval.

Regulatory authorities outside of the United States, such as in the European Union, also have requirements for approval of drugs for commercial sale with which we must comply prior to marketing in those areas. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of our product candidates. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and obtaining regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. However, the failure to obtain regulatory approval in one jurisdiction could have a negative impact on our ability to obtain approval in a different jurisdiction. Approval processes vary among countries and can involve additional product candidate testing and validation and additional administrative review periods. Seeking foreign regulatory approval could require additional non-clinical studies or clinical trials, which could be costly and time consuming. Foreign regulatory approval may include all of the risks associated with obtaining FDA approval. For all of these reasons, if we seek foreign regulatory approval for any of our other product candidates, we may not obtain such approvals on a timely basis, if at all.

Even if we eventually complete clinical testing and receive approval of any regulatory filing for our product candidates, the FDA may grant approval contingent on the performance of costly and potentially time-consuming additional post-approval clinical trials or subject to contraindications, black box warnings, restrictive surveillance or Risk Evaluation and Mitigation Strategies, or REMS. Further, the FDA, EMA or other foreign regulatory authorities may also approve our product candidates for a more limited indication or a narrower patient population than we originally requested, and these regulatory authorities may not approve the labeling that we believe is necessary or desirable for the successful commercialization of our product candidates. Following any approval for commercial sale of our product candidates, certain changes to the product, such as changes in manufacturing processes and additional labeling claims, as well as new safety information, will be subject to additional FDA notification, or review and approval. Also, regulatory approval for any of our product candidates may be withdrawn. To the extent we seek regulatory approval in foreign countries, we may face challenges similar to those described above with regulatory authorities in applicable jurisdictions. Any delay in obtaining, or inability to obtain, applicable regulatory approval for any of our product candidates would delay or prevent commercialization of our product candidates and would thus negatively impact our business, results of operations and prospects.

Clinical drug development is difficult to design and implement and involves a lengthy and expensive process with uncertain outcomes.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. A failure of one or more of our clinical trials can occur at any time during the clinical trial process. We do not know whether future clinical trials, if any, will begin on time, need to be redesigned, enroll an adequate number of patients on time or be completed on schedule, if at

all. Clinical trials can be delayed, suspended or terminated for a variety of reasons, including failure to:

- generate sufficient preclinical, toxicology, or other in vivo or in vitro data to support the initiation or continuation of clinical trials;
- obtain regulatory approval, or feedback on trial design, in order to commence a trial;
- identify, recruit and train suitable clinical investigators;
- reach agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among CROs and clinical trial sites, and have such CROs and sites effect the proper and timely conduct of our clinical trials;
- obtain and maintain IRB approval at each clinical trial site;
- identify, recruit and enroll suitable patients to participate in a trial;
- have a sufficient number of patients complete a trial or return for post-treatment follow-up;
- ensure clinical investigators and clinical trial sites observe trial protocol or continue to participate in a trial;
- address any patient safety concerns that arise during the course of a trial;
- address any conflicts with new or existing laws or regulations;
- add a sufficient number of clinical trial sites;
- manufacture sufficient quantities at the required quality of product candidate for use in clinical trials; or
- raise sufficient capital to fund a trial.

We may also experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent our ability to receive marketing approval or commercialize our product candidates, including:

- we may receive feedback from regulatory authorities that requires us to modify the design of our clinical trials;
- clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon drug development programs;
- the number of patients required for clinical trials of our product candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate or participants may drop out of these clinical trials at a higher rate than we anticipate;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- regulators or IRBs may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site or amend a trial protocol;
- we may have delays in reaching or fail to reach agreement on acceptable clinical trial contracts or clinical trial protocols with prospective trial sites and CROs;
- we or our investigators might have to suspend or terminate clinical trials of our product candidates for various reasons, including non-compliance with regulatory requirements, a

finding that our product candidates have undesirable side effects or other unexpected characteristics, or a finding that the participants are being exposed to unacceptable health risks;

- the cost of clinical trials of our product candidates may be greater than we anticipate;
- the supply or quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates may be insufficient or inadequate;
- there may be changes in government regulations or administrative actions;
- our product candidates may have undesirable adverse effects or other unexpected characteristics;
- we may not be able to demonstrate that a produce candidate's clinical and other benefits outweigh its safety risks;
- we may not be able to demonstrate that a product candidate provides an advantage over current standards of care of future competitive therapies in development;
- regulators may revise the requirements for approving our product candidates, or such requirements may not be as we anticipate; and
- any future collaborators that conduct clinical trials may face any of the above issues, and may conduct clinical trials in ways they view as advantageous to them but that are suboptimal for us.

We may also encounter delays if a clinical trial is suspended or terminated by us, by the IRBs of the institutions in which such trials are being conducted, by the trial's data safety monitoring board, by the FDA, EMA or other regulatory agencies. Such authorities may suspend or terminate one or more of our clinical trials due to a number of factors, including our failure to conduct the clinical trial in accordance with relevant regulatory requirements or clinical protocols, inspection of the clinical trial operations or trial site by the FDA, EMA or other regulatory agencies resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial.

Further, conducting clinical trials in foreign countries, as we plan to do for our product candidates, presents additional risks that may delay completion of our clinical trials. These risks include the failure of enrolled patients in foreign countries to adhere to clinical protocol as a result of differences in healthcare services or cultural customs, managing additional administrative burdens associated with foreign regulatory schemes, as well as political and economic risks relevant to such foreign countries.

If we experience delays in carrying out or completing any clinical trial of our product candidates, the commercial prospects of our product candidates may be harmed, and our ability to generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may significantly harm our business and financial condition. In addition, many 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.

The results of earlier studies and trials may not be predictive of future trial results, and our clinical trials may fail to adequately demonstrate the safety and efficacy of our product candidates.

Results from preclinical studies or early stage clinical trials are not necessarily predictive of future clinical trial results, and interim results of a clinical trial are not necessarily indicative of final results. For example, we observed preliminary evidence of efficacy in our preclinical studies of D-PLEX$_{100}$ for sternal SSIs after cardiac surgery, but we have not yet conducted a clinical trial of D-PLEX$_{100}$ in this indication that included efficacy as a final endpoint. We intend to assess efficacy in our upcoming Phase 3 clinical trial of D-PLEX$_{100}$ in this indication. However, later stage clinical trials may fail to show the desired safety and efficacy in clinical development despite positive results in preclinical and early clinical studies. This failure would cause us to abandon further development of D-PLEX$_{100}$ in this indication, which is currently our most advanced product candidate.

There is a high failure rate for drug candidates proceeding through clinical trials. Many companies in the pharmaceutical industry have suffered significant setbacks in late-stage clinical trials even after achieving promising results in preclinical testing and earlier-stage clinical trials. Data obtained from preclinical and clinical activities are subject to varying interpretations, which may delay, limit or prevent regulatory approval. In addition, we may experience regulatory delays or rejections as a result of many factors, including due to changes in regulatory policy during the period of our product candidate development. Success in preclinical testing and early clinical trials does not ensure that later clinical trials will generate the same results or otherwise provide adequate data to demonstrate the efficacy and safety of a product candidate. Frequently, product candidates that have shown promising results in early clinical trials have subsequently suffered significant setbacks in later clinical trials.

Interim, "top-line" and preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publish interim, "top-line" or preliminary data from our clinical studies. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Preliminary or "top-line" data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, interim and preliminary data should be viewed with caution until the final data are available. Adverse changes between preliminary or interim data and final data could significantly harm our business prospects.

If the FDA does not conclude that D-PLEX$_{100}$ satisfies the requirements under Section 505(b)(2) of the FFDCA, or Section 505(b)(2), or if we are unable to utilize the hybrid application pathway in the European Union, or if the requirements are not as we expect, the approval pathway for D-PLEX$_{100}$ will likely take significantly longer, cost significantly more and entail significantly greater complications and risks than anticipated, and in either case may not be successful.

We intend to utilize the FDA's Section 505(b)(2) regulatory pathway, and the hybrid application pathway in the European Union, which is analogous to the Section 505(b)(2) pathway, to seek NDA approval for D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac surgery and the prevention of SSIs in patients undergoing abdominal surgery in the future. The Drug Price Competition and Patent Term Restoration Act of 1984, also known as the Hatch-Waxman Act, added Section 505(b)(2) to the FFDCA. Section 505(b)(2) permits the filing of an NDA where at least some of the information required for approval comes from studies that were not conducted by or for the

applicant, and for which the applicant has not received a right of reference or use from the person by or for whom the investigations were conducted, which we believe could expedite the development program for D-PLEX$_{100}$ by potentially decreasing the amount of preclinical and clinical data that we would need to generate in order to obtain FDA approval. However, while we believe that D-PLEX$_{100}$ is a reformulation of an already-approved drug and, therefore, will be eligible for submission of an NDA under Section 505(b)(2), the FDA may disagree and determine that D-PLEX$_{100}$ is not eligible for review under such regulatory pathway.

If we are unable to pursue these regulatory pathways as anticipated, we may need to conduct additional preclinical experiments and clinical trials, provide additional data and information and meet additional standards for regulatory approval. If this were to occur, the time and financial resources required to obtain FDA approval for D-PLEX$_{100}$, and complications and risks associated with D-PLEX$_{100}$, would likely increase significantly. Moreover, inability to pursue the Section 505(b)(2) or similar regulatory pathway could result in new competitive products reaching the market more quickly than our product candidates, which would likely harm our competitive position and prospects. Even if we are allowed to pursue the Section 505(b)(2) or similar regulatory pathway, D-PLEX$_{100}$ may not receive the requisite approvals for commercialization, and there is no guarantee the 505(b)(2) or similar pathway would ultimately lead to faster product development or earlier approval.

In addition, notwithstanding the approval of a number of products by the FDA under Section 505(b)(2) over the last few years, certain competitors and others have objected to the FDA's interpretation of Section 505(b)(2). If the FDA's interpretation of Section 505(b)(2) is successfully challenged, the FDA may be required to change its 505(b)(2) policies and practices, which could delay or even prevent the FDA from approving any NDA that we submit under Section 505(b)(2). In addition, the pharmaceutical industry is highly competitive, and Section 505(b)(2) NDAs are subject to special requirements designed to protect the patent rights of sponsors of previously approved drugs that are referenced in a Section 505(b)(2) NDA. These requirements may give rise to patent litigation and mandatory delays in approval of our potential future NDAs for up to 30 months depending on the outcome of any litigation. It is also not uncommon for a manufacturer of an approved product to file a citizen petition with the FDA seeking to delay approval of, or impose additional approval requirements for, pending competing products. If successful, such petitions can significantly delay, or even prevent, the approval of the new product. However, even if the FDA ultimately denies such a petition, the FDA may substantially delay approval while it considers and responds to the petition.

Moreover, even if these product candidates are approved under the Section 505(b)(2) pathway, as the case may be, the approval may be subject to limitations on the indicated uses for which the products may be marketed or to other conditions of approval, or may contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the products.

PLEX is a novel technology, which makes it difficult to predict the time and cost of development and of subsequently obtaining regulatory approval of our product candidates.

We have concentrated our efforts and product research on our PLEX drug delivery technology, and our future success depends on the successful development of this technology and products based on it. To our knowledge, no regulatory authority has granted approval to any person or entity, including us, to market and commercialize therapeutics using our novel delivery system. We may never receive approval to market and commercialize any product candidate that utilizes PLEX.

As an organization, we have never conducted pivotal clinical trials, and we may be unable to do so for any product candidates we may develop, including D-PLEX$_{100}$.

We will need to successfully complete pivotal clinical trials in order to obtain the approval of the FDA, EMA or other regulatory agencies to market D-PLEX$_{100}$ or any of our other product candidates. Carrying out later-stage clinical trials and the submission of a successful NDA is a complicated process. As an organization, we have not previously conducted any later stage or pivotal clinical trials and have limited experience in preparing, submitting and prosecuting regulatory filings. Consequently, we may be unable to successfully and efficiently execute and complete necessary clinical trials in a way that leads to NDA submission and approval of D-PLEX$_{100}$. We may require more time and incur greater costs than our competitors and may not succeed in obtaining regulatory approvals of product candidates that we develop. Failure to commence or complete, or delays in, our planned clinical trials, could prevent us from or delay us in commercializing D-PLEX$_{100}$. See "— Risks Related to our Reliance on Third Parties — We rely on third parties to conduct certain elements of our preclinical and clinical trials and perform other tasks for us. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or comply with regulatory requirements, we may not be able to obtain regulatory approval for or commercialize our product candidates."

We may find it difficult to enroll patients in our clinical studies, which could delay or prevent us from proceeding with clinical trials.

Identifying and qualifying patients to participate in clinical studies of our product candidates is critical to our success. The timing of our clinical trials depends in part on the speed at which we can recruit patients to participate in testing our product candidates, and we may experience delays in our clinical trials if we encounter difficulties in enrollment. Patient enrollment and retention in clinical trials depends on many factors, including the size of the patient population, the nature of the trial protocol, our ability to recruit clinical trial investigators with the appropriate competencies and experience, the existing body of safety and efficacy data with respect to the study drug, the number and nature of competing treatments and ongoing clinical trials of competing drugs for the same indication, the proximity of patients to clinical sites, clinicians' and patients' perceptions as to the potential advantages of the product candidate being studied in relation to other available therapies, including any drugs that may be approved for the indications we are investigating, the eligibility criteria for the study, our ability to obtain and maintain patient consents and the risk that patients enrolled in clinical trials will drop out of the trials before completion.

We may not be able to identify, recruit and enroll a sufficient number of patients to complete our clinical studies because of the perceived risks and benefits of the product candidate under study, the availability and efficacy of competing therapies and clinical studies, the proximity and availability of clinical study sites for prospective patients and the patient referral practices of physicians. If patients are unwilling to participate in our studies for any reason, the timeline for recruiting patients, conducting studies, and obtaining regulatory approval of potential products will be delayed.

Our product candidates and the administration of our product candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label or result in significant negative consequences following marketing approval, if any.

Undesirable side effects, including toxicology, caused by our product candidates, or the drugs encapsulated by our product candidates, could cause us or regulatory authorities to interrupt, delay or halt clinical studies and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA, EMA or other regulatory agencies. Results of our studies could reveal a high

and unacceptable severity and prevalence of these or other side effects. In such an event, our clinical studies could be suspended or terminated, and the FDA, EMA or other regulatory agencies could order us to cease further development of or deny or withdraw approval of our product candidates for any or all targeted indications. Moreover, during the conduct of clinical trials, patients report changes in their health, including illnesses, injuries and discomforts, to their study doctor. Often, it is not possible to determine whether or not the product candidate being studied caused these conditions.

Drug-related, drug-product related, formulation-related and administration-related side effects could affect patient recruitment, the ability of enrolled patients to complete the clinical study or result in potential product liability claims, which could exceed our clinical trial insurance coverage. We do not currently have product liability insurance and do not anticipate obtaining product liability insurance until such time as we have received FDA, EMA or other comparable foreign authority marketing approval for one of our product candidates and such product is being provided to patients outside of clinical trials.

Additionally, if one or more of our product candidates receives marketing approval, and we or others later identify undesirable side effects caused by such products, a number of potentially significant negative consequences could result, including but not limited to:

- regulatory authorities may suspend or withdraw approvals of such product;
- regulatory authorities may require additional warnings on the label, such as a "black box" warning or contraindication;
- additional restrictions may be imposed on the marketing of the particular product or the manufacturing processes for the product or any component thereof;
- we may be required to create a REMS, which could include a medication guide outlining the risks of such side effects for distribution to patients, a communication plan for healthcare providers and/or other elements to assure safe use;
- we may be required to recall a product, change the way a product candidate is administered or conduct additional clinical trials;
- we could be sued and held liable for harm caused to patients;
- the product may become less competitive; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved, and could significantly harm our business, results of operations and prospects.

Even if we complete the necessary clinical trials, we cannot predict when, or if, we will obtain regulatory approval to commercialize any of our product candidates, and the approval may be for a more narrow indication than we seek or be subject to other limitations or restrictions that limit its commercial profile.

We cannot commercialize a product candidate until the appropriate regulatory authorities have reviewed and approved the product candidate. Even if our current or future product candidates meet safety and efficacy endpoints in clinical trials, the regulatory authorities may not complete their review processes in a timely manner, or we may not be able to obtain regulatory approval. Additional delays may result if an FDA Advisory Committee or other regulatory authority recommends non-approval or restrictions on approval. In addition, we may experience delays or rejections based upon additional government regulation from future legislation or administrative action, or changes in regulatory authority policy during the period of product development, clinical trials and the review process.

Regulatory authorities also may approve a product candidate for more limited indications than requested or they may impose significant limitations in the form of warnings or a REMS. These regulatory authorities may require precautions or contra-indications with respect to conditions of use or they may grant approval subject to the performance of costly post-marketing clinical trials. In addition, regulatory authorities may not approve the labeling claims that are necessary or desirable for the successful commercialization of any of our product candidates. Any of the foregoing scenarios could materially harm the commercial prospects for our product candidates and materially and adversely affect our business, financial condition, results of operations and prospects.

Although D-PLEX$_{100}$ has been granted Qualified Infectious Disease Product designation by the FDA for the prevention of sternal infection after cardiac surgery, this designation does not guarantee a shorter FDA review process, or that D-PLEX$_{100}$ will ultimately be approved by the FDA.

Under the Generating Antibiotic Incentives Now Act, or GAIN Act, the FDA may designate a product as a "qualified infectious disease product," or QIDP. In order to receive this designation, a drug must qualify as an antibacterial or antifungal drug for human use intended to treat serious or life-threatening infections, including those caused by either (1) an antibacterial or antifungal resistant pathogen, including novel or emerging infectious pathogens, or (2) a so-called "qualifying pathogen" found on a list of potentially dangerous, drug-resistant organisms established and maintained by the FDA under the GAIN Act. A sponsor must request such designation before submitting a marketing application. We requested and received QIDP designation for D-PLEX$_{100}$ for the prevention of sternal infection after cardiac surgery. We anticipate that the QIDP designation will provide, among other benefits, an overall increased level of communication with the FDA during the development process. The benefits of QIDP designation also include eligibility for priority review and an extension by an additional five years of any non-patent market exclusivity period awarded, such as a five-year exclusivity period awarded for a new molecular entity or a three-year market exclusivity period awarded to an applicant whose application relies on new clinical investigations essential to the approval. This extension is in addition to any pediatric exclusivity extension that may be awarded. However, there is limited precedent for the way in which the GAIN Act will be implemented. Receipt of QIDP designation in practice may not result in a faster development process, review or approval compared to drugs considered for approval under conventional FDA procedures, and does not assure ultimate approval by the FDA or related exclusivity benefits.

Even if we obtain regulatory approval for a product candidate, our products and business will remain subject to ongoing regulatory obligations and review.

If our product candidates are approved, they will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies and submission of safety, efficacy and other post-market information, including both federal and state requirements in the United States and comparable requirements outside of the United States. Accordingly, we and others with whom we work must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control.

Any regulatory approvals that we receive for our product candidates may also be subject to limitations on the approved indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including Phase 4 clinical trials, and surveillance to monitor the safety and efficacy of the product candidate. The FDA may also require a REMS as a condition of approval of our product candidates, which could include requirements for a medication guide, physician communication plans or

additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. We will also be required to report certain adverse reactions and production problems, if any, to the FDA, EMA or other regulatory agencies and to comply with requirements concerning advertising and promotion for our products. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved label. As such, we may not promote our products for indications or uses for which they do not have FDA, EMA or other regulatory agency approval. The holder of an approved NDA must also submit new or supplemental applications and obtain FDA approval for certain changes to the approved product, product labeling, or manufacturing process. We could also be asked to conduct post-marketing clinical studies to verify the safety and efficacy of our product candidates in general or in specific patient subsets. An unsuccessful post-marketing study or failure to complete such a clinical study could result in the withdrawal of marketing approval. Furthermore, any new legislation addressing drug safety issues could result in delays in product development or commercialization or increased costs to assure compliance. Foreign regulatory authorities impose similar requirements. If a regulatory agency discovers previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or disagrees with the promotion, marketing or labeling of a product, such regulatory agency may impose restrictions on that product or us, including requiring withdrawal of the product from the market. If we fail to comply with applicable regulatory requirements, a regulatory agency or enforcement authority may, among other things:

- issue warning letters asserting that we are in violation of the law;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- suspend or withdraw regulatory approval;
- suspend any of our ongoing clinical trials;
- refuse to approve pending applications or supplements to approved applications submitted by us or our strategic partners;
- restrict the marketing or manufacturing of our products;
- seize or detain products, or require a product recall;
- refuse to permit the import or export of our product candidates; or
- refuse to allow us to enter into government contracts.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our ability to commercialize and generate revenue from our product candidates. If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of our company and our operating results will be adversely affected.

The FDA's and other regulatory authorities' policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. For example, in December 2016, the 21st Century Cures Act, or Cures Act, was signed into law. The Cures Act, among other things, is intended to modernize the regulation of drugs and spur innovation, but its ultimate implementation is unclear. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would adversely affect our business, prospects, financial condition and results of operations.

We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad. For example, certain policies of the Trump administration may impact our business and industry. Namely, the Trump administration has taken several executive actions, including the issuance of a number of Executive Orders, that could impose significant burdens on, or otherwise materially delay, the FDA's ability to engage in routine regulatory and oversight activities such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. It is difficult to predict how these Executive Orders will be implemented, and the extent to which they will impact the FDA's ability to exercise its regulatory authority. If these executive actions impose constraints on FDA's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted.

If one or more of our product candidates is approved for marketing in the United States, we may be subject, directly or indirectly, to U.S. federal and state healthcare fraud and abuse laws, false claims laws, physician payment transparency laws and health information privacy and security laws. If we are unable to comply, or have not fully complied, with such laws, we could face substantial penalties.

If we obtain FDA approval for any of our product candidates and begin commercializing those products in the United States, our operations may be directly or indirectly through our relationships with physicians, patients, third-party payors and customers, subject to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain our business or financial arrangements and relationships through which we research, market, sell and distribute our products. In addition, we may be subject to patient privacy regulation by both the federal government and the states in which we conduct our business. The laws that may affect our ability to operate include:

- The U.S. Anti-Kickback Statute prohibits, among other things, any person or entity from knowingly and willfully offering, paying, soliciting, receiving or providing any remuneration, directly or indirectly, overtly or covertly, to induce or in return for purchasing, leasing, ordering or arranging for or recommending the purchase, lease or order of any item or service reimbursable, in whole or in part, under Medicare, Medicaid or other U.S. federal healthcare programs. The Anti-Kickback Statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers, and formulary managers on the other. There are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution.

- The U.S. federal false claims and civil monetary penalties laws, including the False Claims Act, or FCA, which prohibit any person or entity from, among other things, knowingly presenting, or causing to be presented, a false, fictitious or fraudulent claim for payment to, or approval by, the U.S. federal government or knowingly making, using or causing to be made or used a false record or statement material to a false or fraudulent claim to the U.S. federal government. As a result of a modification made by the Fraud Enforcement and Recovery Act of 2009, a claim includes "any request or demand" for money or property presented to the U.S. government. In addition, manufacturers can be held liable under the FCA even when they do not submit claims directly to government payors if they are deemed to "cause" the submission of false or fraudulent claims. The FCA also permits a private individual acting as a "whistleblower" to bring actions on behalf of the federal government alleging violations of the FCA and to share in any monetary recovery. FCA liability is potentially significant in the healthcare industry because the statute provides for treble damages and mandatory penalties. Government enforcement agencies and private

whistleblowers have investigated pharmaceutical companies for or asserted liability under the FCA for a variety of alleged promotional and marketing activities, such as providing free product to customers with the expectation that the customers would bill federal programs for the product; providing consulting fees and other benefits to physicians to induce them to prescribe products; engaging in promotion for "off-label" uses; and submitting inflated best price information to the Medicaid Rebate Program.

- The U.S. Health Insurance Portability and Accountability Act of 1996, or HIPAA, prohibits, among other actions, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense, and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services.

- The Physician Payments Sunshine Act, enacted as part of the PPACA, imposes, among other things, annual reporting requirements for covered manufacturers for certain payments and "transfers of value" provided to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, as well as ownership and investment interests held by the physicians described above and their immediate family members.

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their respective implementing regulations, impose, among other things, specified requirements relating to the privacy, security and transmission of individually identifiable health information held by covered entities and their business associates. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in U.S. federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions. In addition, state laws govern the privacy and security of health information in specified circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

- European and other foreign law equivalents of each of the laws, including reporting requirements detailing interactions with and payments to healthcare providers.

Many states have analogous state laws and regulations, such as state anti-kickback and false claims laws, that may apply to our business practices, including but not limited to, research, distribution, sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers. In addition, certain states require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the U.S. federal government, require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, file reports relating to pricing information or marketing expenditures and have 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.

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 business activities could be subject to challenge under one or more of such laws. In addition, PPACA has strengthened these laws. For example, recent health care reform legislation, has among other things, amended the intent requirement of

the federal anti-kickback and criminal healthcare fraud statutes. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. Moreover, PPACA provides that 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.

Ensuring that our internal operations and business arrangements with third parties comply with applicable healthcare laws and regulations will likely be costly. It is possible that governmental authorities will conclude that our business practices, including arrangements we may have with physicians and other healthcare providers, some of whom may receive stock options as compensation for services provided, do 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 were 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, disgorgement, individual imprisonment, possible exclusion from government funded healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, additional reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws, and curtailment of our operations, any of which could substantially disrupt our operations. If the physicians or other providers or entities with whom we expect to do business are found not to be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Legislative or regulatory healthcare reforms in the United States may make it more difficult and costly for us to obtain regulatory clearance or approval of our product candidates and to produce, market and distribute our products after clearance or approval is obtained.

From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the regulatory clearance or approval, manufacture and marketing of regulated products or the reimbursement thereof. In addition, FDA regulations and guidance are often revised or reinterpreted by the FDA in ways that may significantly affect our business and our products. Any new regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of our product candidates. We cannot determine what effect changes in regulations, statutes, legal interpretation or policies, when and if promulgated, enacted or adopted may have on our business in the future. Such changes could, among other things, require:

- changes to manufacturing methods;
- change in protocol design;
- additional treatment arm (control);
- recall, replacement, or discontinuance of one or more of our products; and
- additional recordkeeping.

In addition, in the United States, there have been a number of legislative and regulatory proposals to change the health care system in ways that could affect our ability to sell our products profitably. The pharmaceutical industry in the United States, as an example, has been affected by the passage of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, collectively PPACA, which, among other things, imposed new fees on entities that manufacture or import certain branded prescription drugs and expanded pharmaceutical manufacturer obligations to provide discounts and rebates to certain government programs. Since its enactment, there have been judicial and Congressional challenges to certain

aspects of the PPACA, as well as recent efforts by the Trump administration to repeal or replace certain aspects of the PPACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the PPACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the PPACA have been enacted. The Tax Cuts and Jobs Act of 2017 includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the PPACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate". Additionally, on January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain PPACA-mandated fees, including the so-called "Cadillac" tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. We continue to evaluate the effect that the PPACA and its possible repeal and replacement has on our business. It is uncertain the extent to which any such changes may impact our business or financial condition.

Further, there has been particular and increasing legislative and enforcement interest in the United States with respect to drug pricing practices in recent years, particularly with respect to drugs that have been subject to relatively large price increases over relatively short time periods. There have been several recent U.S. Congressional inquiries and proposed bills designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. Individual states in the United States have also become increasingly active in passing legislation and implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and in some cases, designed to encourage importation from other countries and bulk purchasing. In the future, there will likely continue to be proposals relating to the reform of the U.S. healthcare system, some of which could further limit coverage and reimbursement of drug products, including our product candidates. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. Our results of operations could be adversely affected by the PPACA and by other health care reforms that may be enacted or adopted in the future.

We face intense competition in an environment of rapid technological change and the possibility that our competitors may develop products and drug delivery systems that are similar, more advanced or more effective than ours, which may adversely affect our financial condition and our ability to successfully market or commercialize our product candidates.

The pharmaceutical industry in which we operate is intensely competitive and subject to rapid and significant technological change. We are currently aware of various existing therapies in the market and in development that may in the future compete with our product candidates, including other therapies that address the management of SSIs, as well as other drugs delivery mechanisms that utilize polymer and/or lipid technology to deliver APIs at the local level. Other approaches may also emerge for the prevention or treatment of any of the indications on which we focus, and new technologies may emerge in localized drug delivery.

We have competitors both in the United States and internationally, including major multinational pharmaceutical companies and specialty pharmaceutical companies. Our competitors may succeed in developing, acquiring or licensing on an exclusive basis products that are more effective or less costly than any product candidate that we may develop, or achieve earlier patent protection, regulatory approval, product commercialization and market penetration than we do. Additionally, technologies developed by our competitors may render our potential product

candidates uneconomical or obsolete, and we may not be successful in marketing our product candidates against competitors. See "Business — Competition."

Even if we obtain and maintain approval for D-PLEX$_{100}$ or our other product candidates from the FDA, we may never obtain approval outside of the United States, which would limit our market opportunities and adversely affect our business.

Approval of a product candidate in the United States by the FDA does not ensure approval of such product candidate by regulatory authorities in other countries or jurisdictions, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or by the FDA. However, the failure to obtain approval from the FDA or other regulatory authorities may negatively impact our ability to obtain approval in other foreign countries. Sales of D-PLEX$_{100}$ or our other product candidates outside of the United States will be subject to foreign regulatory requirements governing clinical trials and marketing approval. Even if the FDA grants marketing approval for a product candidate, comparable regulatory authorities of foreign countries also must approve the manufacturing and marketing of the product candidate in those countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from, and more onerous than, those in the United States, including additional preclinical studies or clinical trials. In many countries outside the United States, a product candidate must be approved for reimbursement before it can be approved for sale in that country. In some cases, the price that we intend to charge for our product candidates, if approved, is also subject to approval.

We intend to submit a marketing authorization application to the EMA for approval of D-PLEX$_{100}$ in the European Union, but obtaining such approval from the European Commission following the opinion of the EMA is a lengthy and expensive process. Even if a product candidate is approved, the applicable regulatory agency may limit the indications for which the product may be marketed, require extensive warnings on the product labeling or require expensive and time-consuming additional clinical trials or reporting as conditions of approval. Regulatory authorities in countries outside of the United States and the European Union also have requirements for approval of product candidates with which we must comply prior to marketing in those countries. Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our product candidates in certain countries.

Further, clinical trials conducted in one country may not be accepted by regulatory authorities in other countries. Also, regulatory approval for a product candidate may be withdrawn. If we fail to comply with the regulatory requirements, our target market will be reduced and our ability to realize the full market potential of D-PLEX$_{100}$ or our other product candidates will be harmed and our business, financial condition, results of operations and prospects will be adversely affected.

The misuse or off-label use of our products may harm our reputation in the marketplace, result in injuries that lead to product liability suits or result in costly investigations, fines or sanctions by regulatory bodies if we are deemed to have engaged in the promotion of these uses, any of which could be costly to our business.

We initially intend to seek marketing approval for D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac surgery and the prevention of SSIs in patients undergoing abdominal surgery. We will train our marketing and sales personnel to not promote our products, if approved, for any other uses outside of any FDA-cleared indications for use, known as "off-label uses." We cannot, however, prevent a physician from using our products off-label, when in the physician's independent professional medical judgment he or she deems it appropriate. For example, if we obtain approval of D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac surgery and the

prevention of SSIs in patients undergoing abdominal surgery, physicians may nevertheless decide to use D-PLEX$_{100}$ in an attempt to prevent infections in connection with other types of surgeries, and there may be increased risk of injury to patients if physicians attempt to use our products for these uses for which they are not approved. Furthermore, the use of our products for indications other than those approved by the FDA or any foreign regulatory body may not effectively treat such conditions, which could harm our reputation in the marketplace among physicians and patients.

If the FDA, EMA or any foreign regulatory body determines that our promotional materials or training constitute promotion of an off-label use, it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions, including the issuance or imposition of an untitled letter, which is used for violators that do not necessitate a warning letter, injunction, seizure, civil fine or criminal penalties. It is also possible that other federal, state or foreign enforcement authorities might take action under other regulatory authority, such as false claims laws, if they consider our business activities to constitute promotion of an off-label use, which could result in significant penalties, including, but not limited to, criminal, civil and administrative penalties, damages, fines, disgorgement, exclusion from participation in government healthcare programs and the curtailment of our operations.

Risks Related to our Reliance on Third Parties

We rely on third parties to conduct certain elements of our preclinical and clinical trials and perform other tasks for us. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or comply with regulatory requirements, we may not be able to obtain regulatory approval for or commercialize our product candidates.

We have relied upon, and plan to continue to rely upon, third-party vendors, including CROs, to monitor and manage data for our ongoing preclinical and clinical studies. We rely on these parties for execution of our preclinical and clinical studies, and we control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on the vendors and CROs does not relieve us of our regulatory responsibilities. We and our CROs and other vendors are required to comply with good clinical practice, or GCP, cGMP, the Helsinki Declaration, the International Conference on Harmonization Guideline for Good Clinical Practice, applicable European Commission Directives on Clinical Trials, laws and regulations applicable to clinical trials conducted in other territories, and good laboratory practices, or GLP, which are regulations and guidelines enforced by the FDA, the Competent Authorities of the Member States of the European Economic Area, or EEA, and comparable foreign regulatory authorities for all of our product candidates in clinical development. Regulatory authorities enforce these regulations through periodic inspections of study sponsors, principal investigators, study sites and other contractors. If we or any of our CROs or vendors fail to comply with applicable regulations, including GCP and cGMP regulations, the clinical data generated in our clinical studies may be deemed unreliable and the FDA, EMA or comparable foreign regulatory authorities may require us to perform additional clinical studies before approving our marketing applications. Our failure to comply with these regulations may require us to repeat clinical studies, which would delay the regulatory approval process.

If any of our relationships with these third-party CROs or vendors terminate, we may not be able to enter into arrangements with alternative CROs or vendors or do so on commercially reasonable terms. In addition, our CROs are not our employees, and, except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing clinical, nonclinical and preclinical programs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is

compromised due to the failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical studies may be extended, delayed or terminated, and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. CROs may also generate higher costs than anticipated, which could adversely affect our results of operations and the commercial prospects for our product candidates, increase our costs and delay our ability to generate revenue.

Replacing or adding additional CROs involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Though we carefully manage our relationships with our CROs, we may encounter similar challenges or delays in the future, which could have a material adverse impact on our business, financial condition and prospects.

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 third parties, including 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 and vendors 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 through 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.

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 or other regulatory authorities. The FDA or other regulatory authorities may conclude that a financial relationship between us and an investigator has created a conflict of interest or otherwise affected interpretation of the study. The FDA or other regulatory authorities 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 or other regulatory authorities, as the case may be, and may ultimately lead to the denial of marketing approval of one or more of our product candidates.

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 GCP, 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. 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 rely on third parties to manufacture the raw materials, including the active pharmaceutical ingredients, that we use to create our product candidates. Our business could be harmed if existing and prospective third parties fail to provide us with sufficient quantities of these materials and products or fail to do so at acceptable quality levels or prices.

We currently rely on third party suppliers for certain raw materials necessary to manufacture our product candidates for our preclinical studies and clinical trials. Some of these raw materials are difficult to source. Because there are a limited number of suppliers for these raw materials, we may need to engage alternate suppliers to prevent a possible disruption of the manufacture of the materials necessary to produce our product candidates for our clinical trials, and if approved, ultimately for commercial sale. In several cases, we rely on a sole provider, and there may be a need to identify additional providers in the future. We do not have any control over the availability of raw materials. If we or our manufacturers are unable to purchase these raw materials on acceptable terms, at sufficient quality levels, or in adequate quantities, if at all, the development and commercialization of our product candidates or any future product candidates, would be delayed or there would be a shortage in supply, which would impair our ability to meet our development objectives for our product candidates or generate revenues from the sale of any approved products.

Even following our establishment of our own cGMP-compliant manufacturing capabilities, we intend to continue to rely on third party suppliers for these ingredients, which will expose us to risks including:

- reduced control for certain aspects of manufacturing activities;
- termination or nonrenewal of manufacturing and service agreements with third parties in a manner or at a time that is costly or damaging to us; and
- disruptions to the operations of our third-party manufacturers and service providers caused by conditions unrelated to our business or operations, including the bankruptcy of the manufacturer or service provider.

Certain of our raw material suppliers will be required to become cGMP-compliant and establish a drug master file for the applicable ingredient before we can submit our NDA for D-PLEX$_{100}$. If these suppliers do not successfully carry out their contractual duties or manufacture our raw materials in accordance with regulatory requirements, we will not be able to submit our NDA as planned or complete, or may be delayed in completing, the clinical trials required for approval of D-PLEX$_{100}$. In such instances, we may need to locate an appropriate replacement third-party relationship, which may not be readily available or on acceptable terms, which would cause additional delay or increased expense prior to the approval of D-PLEX$_{100}$ and would thereby have a material adverse effect on our business, financial condition, results of operations and prospects.

Additionally, we have not yet entered into binding agreements with certain third-party manufacturers to produce the raw materials and products that we use to manufacture our product candidates. Although we intend to rely on third-party manufacturers for the raw materials and products to support the manufacturing of our product candidates for commercialization, we have not yet entered into agreements with certain manufacturers. We may be unable to negotiate binding agreements with the manufacturers to support our commercialization activities at commercially reasonable terms.

Although we intend to establish our own cGMP compliant manufacturing facility, we expect to utilize a third party to conduct our product manufacturing, in whole or in part, at least through 2019. Therefore, we are subject to the risk that this third party may not perform satisfactorily.

Until such time as we establish our manufacturing facility that has been properly validated to comply with FDA cGMP requirements, we will not be able to independently manufacture material for our planned preclinical and clinical programs. We currently rely on a third party manufacturer for the production of D-PLEX$_{100}$ for our ongoing clinical trial materials. In the event that the establishment of our own manufacturing facility is delayed and if this third-party manufacturer does not successfully carry out its contractual duties, meet expected deadlines or manufacture D-PLEX$_{100}$ in accordance with regulatory requirements or if there are disagreements between us and this third-party manufacturer, we will not be able to complete, or may be delayed in completing, the clinical trials required for approval of D-PLEX$_{100}$. In such instances, we may need to locate an appropriate replacement third-party relationship, which may not be readily available or on acceptable terms, which would cause additional delay or increased expense prior to the approval of D-PLEX$_{100}$ and would thereby have a material adverse effect on our business, financial condition, results of operations and prospects.

The manufacture of pharmaceutical products is complex and requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. We and our contract manufacturers must comply with cGMP requirements. Manufacturers of pharmaceutical products often encounter difficulties in production, particularly in scaling up and validating initial production and contamination controls. These problems include difficulties with production costs and yields, quality control, including stability of the product, quality assurance testing, operator error, shortages of qualified personnel, as well as compliance with strictly enforced federal, state and foreign regulations. Furthermore, 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.

We also rely on our third party manufacturer to conduct quality control reviews of and sterilization services for our product candidates. We cannot assure you that any stability, sterility or other issues relating to the manufacture of any of our product candidates will not occur in the future.

Additionally, our third-party manufacturers may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If our third-party manufacturers were to encounter any of these difficulties, our ability to provide any product candidates to patients in clinical trials and products to patients, once approved, would be jeopardized. Any delay or interruption in the supply of clinical trial supplies could delay the initiation or completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to commence new clinical trials at additional expense or terminate clinical trials completely. Any adverse developments affecting clinical or commercial manufacturing of our product candidates may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our product candidates. 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. Accordingly, failures or difficulties faced at any level of our supply chain could materially adversely affect our business and delay or impede the development and commercialization of any of our product candidates and could have a material adverse effect on our business, prospects, financial condition and results of operations.

Any of these events could lead to clinical trial delays or failure to obtain regulatory approval, or impact our ability to successfully commercialize D-PLEX$_{100}$. Some of these events could be the

basis for FDA action, including injunction, recall, seizure or total or partial suspension of product manufacture.

Our reliance on third parties requires us to share our trade secrets and intellectual property, which increases the possibility that a competitor will discover them or that our trade secrets and intellectual property will be misappropriated or disclosed.

Because we rely on third parties to provide us with the materials that we use to develop and manufacture our product candidates, we may, at times, share trade secrets and intellectual property with such third parties. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements, or other similar agreements with our collaborators, advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose our confidential information, such as trade secrets and intellectual property. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by our competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that our proprietary position is based, in part, on our know-how and trade secrets, a competitor's discovery of our trade secrets or other unauthorized use or disclosure would impair our competitive position and may have a material adverse effect on our business.

Despite our efforts to protect our trade secrets, our competitors may discover our trade secrets, either through breach of these agreements, independent development or publication of information including our trade secrets by third parties. A competitor's discovery of our trade secrets would impair our competitive position and have an adverse impact on our business, financial condition, results of operations and prospects.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain effective patent rights for our product candidates or any future product candidates, we may not be able to compete effectively in our markets. If we are unable to protect the confidentiality of our trade secrets or know-how, such proprietary information may be used by others to compete against us.

We rely upon a combination of patents, trade secret protection and confidentiality agreements to protect the intellectual property related to our technologies and product candidates. Our success depends in large part on our ability to obtain and maintain patent and other intellectual property protection in the United States and in other countries with respect to our proprietary technology and product candidates.

We have sought to protect our proprietary position by filing patent applications in the United States and in other countries, with respect to our novel technologies and product candidates, which are important to our business. Patent prosecution is expensive 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.

As of December 31, 2017, our portfolio of owned patents and patent applications consists of seven families that protect our technology, including 55 issued patents and 49 pending patent applications in jurisdictions including the United States, the European Patent Organization, Canada, Australia, China, Japan and Israel. We cannot offer any assurances about which, if any, patents will issue, the breadth of any such patent or whether any issued patents will be found invalid and unenforceable or will be threatened by third parties. Any successful opposition to these patents or

any other patents owned by or licensed to us after patent issuance could deprive us of rights necessary for the successful commercialization of any product candidates that we may develop. Further, if we encounter delays in regulatory approvals, the period of time during which we could market a product candidate under patent protection could be reduced.

Further, the patent position of pharmaceutical companies generally is highly uncertain and involves complex legal and factual questions for which legal principles remain unsolved. This renders the patent prosecution process particularly expensive and time-consuming. There is no assurance that all potentially relevant prior art relating to our patent applications has been found, which can invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents do successfully issue, and even if such patents cover our product candidates, third parties may challenge their validity, enforceability, or scope, which may result in such patents being narrowed, found unenforceable or invalidated. Furthermore, even if they are unchallenged, our patent applications and any future patents may not adequately protect our intellectual property, provide exclusivity for our product candidates, or prevent others from designing around our claims. Any of these outcomes could impair our ability to prevent competition from third parties, which may have an adverse impact on our business.

If we cannot obtain and maintain effective patent rights for our product candidates, we may not be able to compete effectively, and our business and results of operations would be harmed.

We may not have sufficient patent terms to effectively protect our products and business.

Patents have a limited lifespan. In the United States, the natural expiration of a patent is generally 20 years after its priority date. Although various extensions may be available, including pursuant to the QIDP status we received for D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac surgery, the life of a patent, and the protection it affords, is limited. Even if any of our patent applications mature into issued patents, if we do not have sufficient patent terms or regulatory exclusivity to protect our products, our business and results of operations will be adversely affected.

Patent policy and rule changes could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any issued patents.

Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of any patents that may issue from our patent applications, or narrow the scope of our patent protection. The laws of foreign countries may not protect our rights to the same extent as the laws of the United States. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. We therefore cannot be certain that we or our licensors were the first to make the invention claimed in our owned and licensed patent or pending applications, or that we or our licensor were the first to file for patent protection of such inventions. Assuming the other requirements for patentability are met, for United States patent applications filed prior to March 15, 2013, the first to conceive a claimed invention is entitled to the patent, while outside the United States, the first to file a patent application is entitled to the patent. After March 15, 2013, under the Leahy-Smith America Invents Act, or the AIA, enacted on September 16, 2011, the United States has moved to a first to file system. The AIA also includes a number of significant changes that affect the way patent applications are prosecuted and may also affect patent litigation. The effects of these changes are currently unclear as the United States Patent and Trademark Office, or the USPTO, must still implement various regulations, the courts have yet to address many of these provisions and the applicability of the AIA and new regulations on specific patents discussed herein have not been determined and would need to be reviewed. In general, the AIA and its implementation could increase the uncertainties and costs surrounding the prosecution of our

patent applications and the enforcement or defense of any issued patents, all of which could have a material adverse effect on our business and financial condition.

If our trademarks and trade names 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.

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 partners 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. If other entities use trademarks similar to ours in different jurisdictions, or have senior rights to ours, it could interfere with our use of our current trademarks throughout the world.

If we are unable to maintain effective proprietary rights for our product candidates or any future product candidates, we may not be able to compete effectively in our markets.

In addition to the protection afforded by any patents that have been or may be granted, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that we elect not to patent, processes for which patents are difficult to enforce and any other elements of our product candidate discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. However, trade secrets can be difficult to protect. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our employees, consultants, scientific advisors and contractors. We also seek to preserve the integrity and confidentiality of our data, trade secrets and intellectual property by maintaining the physical security of our premises and physical and electronic security of our information technology systems. While we have confidence in these individuals, organizations and systems, agreements or security measures may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets and intellectual property may otherwise become known or be independently discovered by competitors.

Although we expect all of our employees and consultants to assign their inventions to us, and all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information, or technology to enter into confidentiality agreements, we cannot provide any assurances that all such agreements have been duly executed or that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. Misappropriation or unauthorized disclosure of our trade secrets and intellectual property could impair our competitive position and may have a material adverse effect on our business. Additionally, if the steps taken to maintain our trade secrets and intellectual property are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret.

Intellectual property rights of third parties could adversely affect our ability to commercialize our product candidates, and we might be required to litigate or obtain licenses from third parties in order to develop or market our product candidate. Such litigation or licenses could be costly or not available on commercially reasonable terms.

It is inherently difficult to conclusively assess our freedom to operate without infringing on third party rights. Our competitive position may suffer if patents issued to third parties or other third party intellectual property rights cover our product candidates or elements thereof, or our manufacturing

or uses relevant to our development plans. In such cases, we may not be in a position to develop or commercialize products or our product candidates unless we successfully pursue litigation to nullify or invalidate the third party intellectual property right concerned, or enter into a license agreement with the intellectual property right holder, if available on commercially reasonable terms. There may also be pending patent applications that if they result in issued patents, could be alleged to be infringed by our product candidates. If such an infringement claim should be brought and be successful, we may be required to pay substantial damages, be forced to abandon our product candidates or seek a license from any patent holders. No assurances can be given that a license will be available on commercially reasonable terms, if at all.

It is also possible that we have failed to identify relevant third party patents or applications. For example, U.S. applications filed before November 29, 2000 and certain U.S. applications filed after that date that will not be filed outside the U.S. remain confidential until patents issue. Patent applications in the U.S. and elsewhere are published approximately 18 months after the earliest filing to which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our product candidates or platform technology could have been filed by others without our knowledge. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our platform technologies, our product candidates or the use of our product candidates. Third party intellectual property right holders may also actively bring infringement claims against us. We cannot guarantee that we will be able to successfully settle or otherwise resolve such infringement claims. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in pursuing the development of and/or marketing of our product candidates. If we fail in any such dispute, in addition to being forced to pay damages, we may be temporarily or permanently prohibited from commercializing our product candidates that are held to be infringing. We might, if possible, also be forced to redesign our product candidates so that we no longer infringe the third party intellectual property rights. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business.

Third-party claims of intellectual property infringement may prevent or delay our development and commercialization efforts.

Our commercial success depends in part on our avoiding infringement of the patents and proprietary rights of third parties. There have been many lawsuits and other proceedings involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interferences, oppositions and reexamination proceedings before the USPTO and corresponding foreign patent offices. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are developing product candidates. As the pharmaceutical industry expands and more patents are issued, the risk increases that our product candidates may be subject to claims of infringement of the patent rights of third parties.

Third parties may assert that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture, or methods for treatment related to the use or manufacture of our product candidates. Because patent applications can take many years to issue, there may be currently pending patent applications that may later result in issued patents that our product candidates may infringe. In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents. If any third-party patents were held by a court of competent jurisdiction to cover the manufacturing process of any of our product candidates, any

materials formed during the manufacturing process or any final product itself, the holders of any such patents may be able to block our ability to commercialize such product candidates unless we obtain a license under the applicable patents, or until such patents expire or are finally determined to be invalid or unenforceable.

Similarly, if any third-party patents were held by a court of competent jurisdiction to cover aspects of our formulations, processes for manufacture, or methods of use, the holders of any such patents may be able to block our ability to develop and commercialize the applicable product candidate unless we obtain a license or until such patent expires or is finally determined to be invalid or unenforceable. In either case, such a license may not be available on commercially reasonable terms or at all.

Parties making claims against us may obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our product candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful claim of infringement against us, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, pay royalties, redesign our infringing products or obtain one or more licenses from third parties, which may be impossible or require substantial time and monetary expenditure.

We may not be successful in obtaining or maintaining necessary rights to our product candidates through acquisitions and in-licenses.

Because our programs may require the use of proprietary rights held by third parties, the growth of our business will likely depend in part on our ability to acquire, in-license, or use these proprietary rights. In addition, our product candidates may require specific formulations to work effectively and efficiently and the rights to these formulations may be held by others. We may be unable to acquire or in-license any compositions, methods of use, processes, or other third-party intellectual property rights from third parties that we identify as necessary for our product candidates. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies are also pursuing strategies to license or acquire third-party intellectual property rights that we may consider attractive. These established companies may have a competitive advantage over us due to their size, cash resources, and greater clinical development and commercialization capabilities.

For example, we sometimes collaborate with academic institutions to accelerate our preclinical research or development under written agreements with these institutions. Typically, these institutions provide us with an option to negotiate a license to any of the institution's rights in technology resulting from the collaboration. Regardless of such option, we may be unable to negotiate a license within the specified timeframe or under terms that are acceptable to us. If we are unable to do so, the institution may offer the intellectual property rights to other parties, potentially blocking our ability to pursue our program.

In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment. If we are unable to successfully obtain rights to required third-party intellectual property rights, we may have to abandon development of that program and our business and financial condition could suffer.

We may be involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming and unsuccessful.

Competitors may infringe our intellectual property or that of our licensors that we may acquire in the future. If we or a future licensing partner were to initiate legal proceedings against a third party to enforce a patent covering one of our product candidates, the defendant could counterclaim that the patent covering our product candidate is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. Under the AIA, the validity of U.S. patents may also be challenged in post-grant proceedings before the USPTO. The outcome following legal assertions of invalidity and unenforceability is unpredictable.

Interference proceedings provoked by third parties or brought by us or declared by the USPTO may be necessary to determine the priority of inventions with respect to our patent or patent applications or those of our licensors. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms. Our defense of litigation or interference proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to continue our clinical trials, continue our research programs, license necessary technology from third parties, or enter into development partnerships that would help us bring our product candidates to market.

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. There could also be public announcements of the results of hearings, motions, or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our ordinary shares.

We may be subject to claims that our employees, consultants, or independent contractors have wrongfully used or disclosed confidential information of third parties or that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

We employ individuals who were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees, consultants and independent 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 our employees, consultants, or independent contractors have inadvertently or otherwise used or disclosed intellectual property, including trade secrets or other proprietary information, of any of our employees' former employers or other third parties. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel, which could adversely impact our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

We may be subject to claims challenging the inventorship of our intellectual property.

We may be subject to claims that former employees, collaborators or other third parties have an interest in or right to compensation with respect to our current patent and patent applications, future patents or other intellectual property as an inventor or co-inventor. For example, we may have inventorship disputes arise from conflicting obligations of consultants or others who are involved in developing our product candidates. Litigation may be necessary to defend against these and other claims challenging inventorship or claiming the right to compensation. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees. To the extent that our employees have not effectively waived the right to compensation with respect to inventions that they helped create, they may be able to assert claims for compensation with respect to our future revenue. As a result, we may receive less revenue from future products if such claims are successful which in turn could impact our future profitability.

Changes in U.S. and international patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.

Our success is heavily dependent on intellectual property. Obtaining and enforcing patents in the pharmaceutical industry involves both technological and legal complexity. Therefore, obtaining and enforcing these patents is costly, time consuming and inherently uncertain. In addition, the United States has recently enacted and is currently implementing wide-ranging patent reform legislation. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened 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 future actions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain patents or to enforce patents that we might obtain in the future.

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

Filing, prosecuting and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States may be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States.

Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own product candidates and may also export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our product candidates. Future patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, particularly those relating to biotechnology products or methods of treatment, which could make it difficult for us to stop the marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign 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 future patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could 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.

Risks Related to Our Business Operations

Our future success depends in part on our ability to retain our senior management team and to attract, retain and motivate other qualified personnel.

We are highly dependent on the members of our senior management team. The loss of their services without a proper replacement may adversely impact the achievement of our objectives. Our employees may leave our employment at any time. Recruiting and retaining other qualified employees, consultants and advisors for our business, including scientific and technical personnel, will also be critical to our success. There is currently a shortage of skilled personnel in our industry, which is likely to continue for the foreseeable future. As a result, competition for skilled personnel is intense, and the turnover rate can be high. We may not be able to attract and retain personnel on acceptable terms given the competition among numerous pharmaceutical companies for individuals with similar skill sets. In addition, failure to succeed in preclinical or clinical studies may make it more challenging to recruit and retain qualified personnel. The inability to recruit and retain qualified personnel, or the loss of the services of any members of our senior management team without proper replacement, may impede the progress of our research, development and commercialization objectives.

We will need to expand our organization, and we may experience difficulties in managing this growth, which could disrupt our operations.

Our future financial performance and our ability to commercialize product candidates and compete effectively will depend, in part, on our ability to effectively manage any future growth. As our development and commercialization plans and strategies develop, we expect to need additional managerial, operational, sales, marketing, financial and legal personnel. Our management may need to divert a disproportionate amount of its 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, operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of additional product candidates. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate and/or grow revenue could be reduced, and we may not be able to implement our business strategy.

Due to our limited resources and access to capital, we must, and have in the past decided to, prioritize development of certain product candidates over other potential 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. Our decisions concerning the allocation of research, collaboration, management and financial resources toward particular product candidates may not lead to the development of viable commercial products and may divert resources away from better opportunities. Similarly, our 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 pharmaceutical industry, in particular for our lead product candidate, our business, financial condition and results of operations could be materially adversely affected.

We may not be successful in our efforts to identify, discover or license additional product candidates.

Although a substantial amount of our effort will focus on the continued clinical testing, potential approval and commercialization of D-PLEX$_{100}$, the success of our business also depends upon our ability to identify, discover or license additional product candidates. Our research programs or licensing efforts may fail to yield additional product candidates for clinical development for a number of reasons, including but not limited to the following:

- our research or business development methodology or search criteria and process may be unsuccessful in identifying potential product candidates;
- we may not be able or willing to assemble sufficient resources to acquire or discover additional product candidates;
- our product candidates may not succeed in preclinical or clinical testing;
- our product candidates may be shown to have harmful side effects or may have other characteristics that may make the products unmarketable or unlikely to receive marketing approval;
- competitors may develop alternatives that render our product candidates obsolete or less attractive;
- product candidates we develop may be covered by third parties' patents or other exclusive rights;
- the market for a product candidate may change during our development program so that such product may become unprofitable to continue to develop;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and
- a product candidate may not be accepted as safe and effective by patients, the medical community, or third-party payors.

If any of these events occur, we may be forced to abandon our development efforts for a program or programs, or we may not be able to identify, license, or discover additional product candidates, which would have a material adverse effect on our business and could potentially cause us to cease operations. Research programs to identify new product candidates require substantial technical, financial and human resources. We may focus our efforts and resources on potential programs or product candidates that ultimately prove to be unsuccessful.

Our business and operations would suffer in the event of computer system failures, cyber-attacks or a deficiency in our cybersecurity.

Despite the implementation of security measures, our internal computer systems, and those of third parties on which we rely, are vulnerable to damage from computer viruses, malware, natural disasters, terrorism, war, telecommunication and electrical failures, cyber-attacks or cyber-intrusions over the Internet, attachments to emails, persons inside our organization, or persons with access to systems inside our organization. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber

terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. If such an 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 or 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 was to result in a loss of or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur material legal claims and liability, damage to our reputation, and the further development of our drug candidates could be delayed.

We will incur significant increased costs as a result of operating as a public company in the United States, and our management will be required to devote substantial time to new compliance initiatives.

As a public company whose ordinary shares are listed in the United States, we will be subject to an extensive regulatory regime, requiring us, among other things, to maintain various internal controls and facilities and to prepare and file periodic and current reports and statements, including reports on the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002. Complying with these requirements will be costly and time consuming. We will need to retain additional employees to supplement our current finance staff, and we may not be able to do so in a timely manner, or at all. In the event that we are unable to demonstrate compliance with our obligations as a public company in a timely manner, or are unable to produce timely or accurate financial statements, we may be subject to sanctions or investigations by regulatory authorities, such as the SEC or The Nasdaq Global Market, and investors may lose confidence in our operating results and the price of our ordinary shares could decline.

Our independent registered public accounting firm was not engaged to perform an audit of our internal control over financial reporting, and as long as we remain an emerging growth company, as such term is defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, we will be exempt from the requirement to have an independent registered public accounting firm perform such audit. Accordingly, no such opinion was expressed or will be expressed any during any such period. Once we cease to qualify as an emerging growth company our independent registered public accounting firm will be required to attest to our management's annual assessment of the effectiveness of our internal controls over financial reporting, which will entail additional costs and expenses.

Furthermore, we are only in the early stages of determining formally 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. These controls and other procedures are designed to ensure that information required to be disclosed by us in the reports that we file with the SEC is disclosed accurately and is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

International expansion of our business exposes us to business, regulatory, political, operational, financial and economic risks associated with doing business outside of the United States or Israel.

Other than our headquarters and other operations which are located in Israel (as further described below), we currently have limited international operations, but our business strategy incorporates potentially significant international expansion, particularly in anticipation of approval of our product candidates. We plan to retain sales representatives and third party distributors and conduct physician, infectious disease specialist, hospital pharmacist and patient association

outreach activities, as well as clinical trials, outside of the United States, EU and Israel. Doing business internationally involves a number of risks, including but not limited to:

- multiple, conflicting and changing laws and regulations such as privacy regulations, tax laws, export and import restrictions, employment laws, regulatory requirements and other governmental approvals, permits, and licenses;
- failure by us to obtain regulatory approvals for the use of our product candidates in various countries;
- additional potentially relevant third-party patent rights;
- complexities and difficulties in obtaining protection and enforcing our intellectual property;
- difficulties in staffing and managing foreign operations;
- complexities associated with managing multiple payor reimbursement regimes, government payors, prince controls or patient self-pay systems;
- limits in our ability to penetrate international markets;
- financial risks, such as longer payment cycles, difficulty collecting accounts receivable, the impact of local and regional financial crises on demand and payment for our products and exposure to foreign currency exchange rate fluctuations;
- natural disasters, political and economic instability, including wars, terrorism, and political unrest, outbreak of disease, boycotts, curtailment of trade, and other business restrictions;
- certain expenses including, among others, expenses for travel, translation and insurance; and
- regulatory and compliance risks that relate to maintaining accurate information and control over sales and activities that may fall within the purview of the U.S. Foreign Corrupt Practices Act its books and records provisions, or its anti-bribery provisions.

Any of these factors could significantly harm our future international expansion and operations and, consequently, our results of operations.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

Our research, development and manufacturing activities and our third party manufacturers' and suppliers' activities involve the controlled storage, use and disposal of hazardous materials, including the components of our product candidates and other hazardous compounds. We and our manufacturers and suppliers are subject to laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous materials. In some cases, these hazardous materials and various wastes resulting from their use are stored at our and our manufacturers' facilities pending their use and disposal. We cannot eliminate the risk of contamination, which could cause an interruption of our commercialization efforts, research and development efforts and business operations, environmental damage resulting in costly clean-up and liabilities under applicable laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. Although we believe that the safety procedures utilized by our third-party manufacturers for handling and disposing of these materials generally comply with the standards prescribed by these laws and regulations, we cannot guarantee that this is the case or eliminate the risk of accidental contamination or injury from these materials. In such an event, we may be held liable for any resulting damages, such liability could exceed our resources, and state or federal or other applicable authorities may curtail our use of certain materials and/or interrupt our

business operations. Furthermore, environmental laws and regulations are complex, change frequently and have tended to become more stringent. We cannot predict the impact of such changes and cannot be certain of our future compliance. We do not currently carry biological or hazardous waste insurance coverage.

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

We are exposed to the risk of fraud or other misconduct by our employees and independent contractors. Misconduct by these parties could include intentional failures to comply with FDA regulations, provide accurate information to the FDA, comply with manufacturing standards we may establish, comply with federal and state healthcare fraud and abuse laws and regulations, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee and independent contractor misconduct could also involve the improper use of information obtained in the course of clinical trials, including individually identifiable information, creating fraudulent data in our preclinical studies or clinical trials or illegal misappropriation of product candidates, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter misconduct by employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. Additionally, we are subject to the risk that a person or government could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

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.

We generally enter into non-competition agreements with our employees and certain key consultants. These agreements prohibit our employees and certain 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 agreements under the laws of the jurisdictions in which our employees 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.

Risks Related to Commercialization of Our Product Candidates

We do not have experience producing our product candidates at commercial levels or establishing a cGMP manufacturing facility and may not obtain the necessary regulatory approvals or produce our product candidates at the quality, quantities, locations and timing needed to support commercialization.

We do not currently have the experience or ability to manufacture our product candidates at commercial levels. We may encounter technical or scientific issues related to manufacturing or development that we may be unable to resolve in a timely manner or with available funds. We also have not completed all of the characterization and validation activities necessary for commercialization and regulatory approvals. If we do not conduct all such necessary activities, our commercialization efforts will be delayed or halted.

We also may encounter problems hiring and retaining the experienced specialist scientific, quality control and manufacturing personnel needed to operate our manufacturing process, which could result in delays in our production or difficulties in maintaining compliance with applicable regulatory requirements. Any problems in our manufacturing process or facilities could make us a less attractive collaborator for potential partners, including larger pharmaceutical companies, which could limit our access to additional attractive development programs. Problems in our manufacturing process or facilities also could restrict our ability to meet market demand for our product candidates.

If the market opportunities for our product candidates are smaller than we believe they are, our revenue may be adversely affected, and our business may suffer.

Our projections of the number of people who have the potential to benefit from treatment with our product candidates are based on our beliefs and estimates. These estimates have been derived from a variety of sources, including the scientific literature, surveys of clinics or market research, and may prove to be incorrect. Our target patient population may be lower than expected, may not be otherwise amenable to treatment with our product candidate or patients may become increasingly difficult to identify and access, all of which would adversely affect our business, financial condition, results of operations and prospects. In addition, medical advances may reduce our target markets. For example, new processes and advances in oral antibiotic medications or new operative procedures may limit the need for localized delivery systems like our product candidates. Further, advances in treatments in the fields in which we are conducting research programs that reduce side effects and have better deliverability to target organs may limit the market for our future product candidates.

We currently have no marketing and sales organization. If we are unable to establish sales and marketing capabilities, or enter into agreements with third parties to market and sell our product candidates, we may be unable to generate any product revenue.

We have no experience selling and marketing our product candidates, and we currently have no marketing or sales organization. To successfully commercialize any product candidates that may result from our development programs, we will need to develop these capabilities, either on our own or with others. If our product candidates receive regulatory approval, we intend to establish a sales and marketing organization independently or by utilizing experienced third parties with technical expertise and supporting distribution capabilities to commercialize our product candidates in major markets, all of which will be expensive, difficult and time consuming. Any failure or delay in the development of our internal sales, marketing and distribution capabilities would adversely impact our ability to commercialize our product candidates.

Further, given our lack of prior experience in marketing and selling pharmaceutical products, our initial estimate of the size of the required sales force may be materially more or less than the size of the sales force actually required to effectively commercialize our product candidates. As such, we may be required to hire sales representatives and third party distributors to adequately support the commercialization of our product candidates, or we may incur excess costs if we hire more sales representatives than necessary. With respect to certain geographical markets, we may enter into collaborations with other entities to utilize their local marketing and distribution capabilities, but we may be unable to enter into such agreements on favorable terms, if at all. We also may enter into collaborations with large pharmaceutical companies to develop and commercialize product candidates. If our future collaborators do not commit sufficient resources to develop and commercialize our future products, if any, and we are unable to develop the necessary marketing capabilities on our own, we will be unable to generate sufficient product revenue to sustain our business. We may compete with companies that currently have extensive and well-funded marketing and sales operations. Without an internal team or the support of a third party to perform marketing and sales functions, we may be unable to compete successfully against these more established companies.

Our efforts to educate the medical community, including physicians, hospital pharmacists and infectious disease specialists, and third-party payors on the benefits of our product candidates may require significant resources and may never be successful. If any of our product candidates are approved but fail to achieve market acceptance among physicians, patients or third-party payors, we will not be able to generate significant revenues from such product, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Delays in establishing and obtaining regulatory approval of our manufacturing process and facility or disruptions in our manufacturing process may delay or disrupt our product development and commercialization efforts.

We intend to establish our own cGMP compliant manufacturing facility. Building our own manufacturing facility will require additional investment, will be time-consuming and may be subject to delays, including because of shortage of labor or compliance with regulatory requirements. In addition, building a manufacturing facility may cost more than we currently anticipate. Delays or problems in the build out of our manufacturing facility may adversely impact our ability to provide supply for the development and commercialization of D-PLEX$_{100}$ as well as our financial condition.

Before we can begin to commercially manufacture D-PLEX$_{100}$ or any product candidate, whether in a third-party facility or in our own facility, once established, we must obtain regulatory approval from FDA for our manufacturing process and facility. A manufacturing authorization must also be obtained from the appropriate regulatory authorities in the European Union, Israel and worldwide. In addition, we must pass a pre-approval inspection of our manufacturing facility by the FDA before D-PLEX$_{100}$ or any product candidate can obtain marketing approval. In order to obtain approval, we will need to ensure that all of our processes, methods and equipment are compliant with cGMP, and perform extensive audits of vendors, contract laboratories and suppliers. If any of our vendors, contract laboratories or suppliers is found to be out of compliance with cGMP, we may experience delays or disruptions in manufacturing while we work with these third parties to remedy the violation or while we work to identify suitable replacement vendors. For example, a recent cGMP audit by the Israeli Ministry of Health, or MOH, of the manufacturing process in the facility of our contract manufacturer for D-PLEX$_{100}$ resulted in certain critical observations, which we have been working with our contract manufacturer to address. There can be no guarantee, however, that future inspections by regulatory authorities of our manufacturing facilities or those of our contract manufacturers will result in MOH's agreement that these critical observations have been resolved or that similar inspectional observations will not be identified. If we do not demonstrate to the

satisfaction of the applicable regulator that our manufacturing facilities, or those of our contract manufacturers, are in compliance with applicable requirements, we may be materially delayed in the development of our product candidates, which would materially harm our business. The cGMP requirements govern quality control of the manufacturing process and documentation policies and procedures. In complying with cGMP, we will be obligated to expend time, money and effort in production, record keeping and quality control to assure that the product meets applicable specifications and other requirements. If we fail to comply with these requirements, we would be subject to possible regulatory action and may not be permitted to sell any product candidate that we may develop.

If we receive marketing approval for our product candidates, sales will be limited unless the product achieves broad market acceptance by physicians, patients, third-party payors, hospital pharmacists, infectious disease specialists and others in the medical community.

The commercial success of our product candidates will depend upon the acceptance of the product by the medical community, including physicians, patients, healthcare payors, hospital pharmacists and infectious disease specialists. The degree of market acceptance of any approved product will depend on a number of factors, including:

- the demonstration of clinical safety and efficacy of our product candidates in clinical trials;
- the efficacy, potential and perceived advantages of our product candidates over alternative treatments;
- the cost of treatment relative to alternative treatments;
- the prevalence and severity of any adverse side effects;
- product labeling or product insert requirements of the FDA or other regulatory authorities, including any limitations or warnings contained in a product's approved labeling;
- distribution and use restrictions imposed by the FDA or agreed to by us as part of a mandatory or voluntary risk management plan;
- our ability to obtain third-party coverage and adequate reimbursement;
- the willingness of patients to pay for drugs out of pocket in the absence of third-party coverage;
- the demonstration of the effectiveness of our product candidates in reducing the cost of treatment;
- the strength of marketing and distribution support;
- the timing of market introduction of competitive products;
- the availability of products and their ability to meet market demand; and
- publicity concerning our product candidates or competing products and treatments.

If our product candidates are approved but do not achieve an adequate level of acceptance by physicians, patients, healthcare payors, hospital pharmacists and infectious disease specialists, we may not generate sufficient revenue from the product, and we may not become or remain profitable. In addition, our 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.

It may be difficult for us to profitably sell our product candidates if coverage and reimbursement for these products is limited by government authorities and/or third-party payor policies.

In addition to any healthcare reform measures which may affect reimbursement, market acceptance and sales of our product candidates, if approved, will depend on, in part, the extent to which the procedures utilizing our product candidates, performed by health care providers, will be covered by third party payors, such as government health care programs, commercial insurance and managed care organizations. Our product candidates will be purchased or provided by health care providers for utilization in certain surgical procedures. In the event health care providers and patients accept our product candidates as medically useful, cost effective and safe, there is uncertainty regarding whether our product candidates will be directly reimbursed, reimbursed through a bundled payment or if the product candidates will be included in another type of value-based reimbursement program. Third party payors determine the extent to which new products will be covered as a benefit under their plans and the level of reimbursement for any covered product or procedure which may utilize a covered product. It is difficult to predict at this time what third party payors will decide with respect to the coverage and reimbursement for our product candidates.

A primary trend in the U.S. healthcare industry and elsewhere has been cost containment, including price controls, restrictions on coverage and reimbursement and requirements for substitution of less expensive products and procedures. Third party payors decide which products and procedures they will pay for and establish reimbursement and co-payment levels. Government and other third-party payors are increasingly challenging the prices charged for health care products and procedures, examining the cost effectiveness of procedures, and the products used in such procedures, in addition to their safety and efficacy, and limiting or attempting to limit both coverage and the level of reimbursement. We cannot be sure that coverage will be available for our product candidates, if approved, or, if coverage is available, the level of direct or indirect reimbursement.

We expect to experience pricing pressures in connection with the sale of any of our product candidates due to the trend toward managed healthcare, the increasing influence of health maintenance organizations, and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the successful commercialization of new products. Further, the adoption and implementation of any future governmental cost containment or other health reform initiative may result in additional downward pressure on the price that we may receive for any approved product.

Reimbursement by a third-party payor may depend upon a number of factors including the third-party payor's determination that use of a product is:

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

There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. In the United States, the principal decisions about reimbursement are typically made by The Centers for Medicare and Medicaid Services, or CMS, an agency within the U.S. Department of Health and Human Services, as CMS decides whether and to what extent products,

and the procedures that utilize such products, will be covered and reimbursed under Medicare. Private payors may follow CMS, but have their own methods and approval processes for determining reimbursement for new products, and the procedures that utilize such products. It is difficult to predict what CMS as well as other payors will decide with respect to reimbursement for fundamentally novel products such as ours, as there is no body of established practices and precedents for these new products.

Obtaining coverage and reimbursement approval for a product from a government or other third-party payor is a time-consuming and costly process that could require us to provide supporting scientific, clinical and cost effectiveness data for the use of our products to the payor. We may not be able to provide data sufficient to gain acceptance with respect to coverage and reimbursement. Further, no uniform policy requirement for coverage and reimbursement exists among third-party payors in the United States. Similarly, health care providers enter into participation agreements with third-party payors wherein reimbursement rates are negotiated. Therefore, coverage and reimbursement can differ significantly from payor to payor and health care provider to health care provider. As a result, we cannot be sure that coverage or adequate reimbursement will be available for our product candidates, if approved. Also, we cannot be sure that reimbursement amounts will not reduce the demand for, or the price of, our future products. If reimbursement is not available, or is available only to limited levels, we may not be able to commercialize our product candidates, or achieve profitably at all, even if approved.

Our business entails a significant risk of product liability and our ability to obtain sufficient insurance coverage could have a material effect on our business, financial condition, results of operations or prospects.

Our business exposes us to significant product liability risks inherent in the development, testing, manufacturing and marketing of therapeutic treatments. Product liability claims could delay or prevent completion of our development programs. If we succeed in marketing products, such claims could result in an FDA investigation of the safety and effectiveness of our products, our manufacturing processes and facilities or our marketing programs and potentially a recall of our products or more serious enforcement action, limitations on the approved indications for which they may be used or suspension or withdrawal of approvals. Regardless of the merits or eventual outcome, liability claims may also result in decreased demand for our products, injury to our reputation, costs to defend the related litigation, a diversion of management's time and our resources, substantial monetary awards to trial participants or patients and a decline in our stock price. We do not currently have product liability insurance and do not anticipate obtaining product liability insurance until such time as we have received FDA or other comparable foreign authority approval for a product and there is a product that is being provided to patients outside of clinical trials. Any insurance we have or may obtain may not provide sufficient coverage against potential liabilities. Furthermore, product liability insurance is becoming increasingly expensive. As a result, we may be unable to obtain sufficient insurance at a reasonable cost to protect us against losses caused by product liability claims that could have a material adverse effect on our business.

Risks Related to this Offering and Ownership of Our Ordinary Shares

Our executive officers, directors and principal shareholders will maintain the ability to exert significant control over matters submitted to our shareholders for approval.

Assuming the sale by us of ordinary shares in this offering (or shares if the underwriters exercise their option to purchase additional shares in full), our executive officers, directors and principal shareholders who owned more than 5% of our outstanding ordinary shares before this offering will, in the aggregate, beneficially own shares representing approximately % of our capital stock. As a result, if these shareholders were to act together, they would be

able to control all matters submitted to our shareholders for approval, as well as our management and affairs. For example, these persons, if they act together, would control the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of our company on terms that other stockholders may desire or result in management of our company that our public shareholders disagree with.

If you purchase our ordinary shares in this offering, you will incur immediate and substantial dilution in the book value of your shares.

The initial public offering price of our ordinary shares will be substantially higher than the net tangible book value per share of our ordinary shares. Therefore, if you purchase ordinary shares in this offering, you will pay a price per share that substantially exceeds our net tangible book value per share after this offering. To the extent outstanding options and warrants are exercised, you will incur further dilution. Based on an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, you will experience immediate dilution of $ per share, representing the difference between our pro forma net tangible book value per share after giving effect to this offering at the assumed initial public offering price. In addition, purchasers of ordinary shares in this offering will have contributed approximately % of the aggregate price paid by all purchasers of our stock but will own only approximately % of our ordinary shares outstanding after this offering. See "Dilution."

An active trading market for our ordinary shares may not develop.

Prior to this offering, there has been no public market for our ordinary shares. The initial public offering price for our ordinary shares will be determined through negotiations with the underwriters. Although we have applied to have our ordinary shares listed on The Nasdaq Global Market, an active trading market for our shares may never develop or be sustained following this offering. If an active market for our ordinary shares does not develop, it may be difficult for you to sell shares you purchase in this offering without depressing the market price for the shares, or at all.

The market price of our ordinary shares may be highly volatile, which could result in substantial losses for purchasers of our ordinary shares in this offering.

The trading price of our ordinary shares is likely to be volatile. The stock market in general, and the market for pharmaceutical companies in particular, has experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell your ordinary shares at or above the initial public offering price. The following factors, in addition to other risk factors described in this section, may have a significant impact on the market price of our ordinary shares:

- inability to obtain the approvals necessary to commence further clinical trials;
- unsatisfactory results of clinical trials;
- announcements of regulatory approvals or the failure to obtain them, or specific label indications or patient populations for their use, or changes or delays in the regulatory review process;
- announcements of therapeutic innovations or new products by us or our competitors;
- adverse actions taken by regulatory agencies with respect to our clinical trials, manufacturing supply chain or sales and marketing activities;

- changes or developments in laws or regulations applicable to any candidate product in any of our platforms;
- any adverse changes to our relationship with manufacturers or suppliers, especially manufacturers of candidate products;
- any intellectual property infringement actions in which we may become involved;
- announcements concerning our competitors or the pharmaceutical industry in general;
- achievement of expected product sales and profitability or our failure to meet expectations;
- our commencement of, or involvement in, litigation;
- any major changes in our Board of Directors or management; and
- legislation in the United States or any other territory relating to the sale or pricing of pharmaceuticals.

If our quarterly operating results fall below the expectations of investors or securities analysts, the price of our ordinary shares could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially. We believe that quarterly comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation often has been instituted against that company. Such litigation, if instituted against us, could cause us to incur substantial costs to defend such claims and divert management's attention and resources, which could seriously harm our business, financial condition, results of operations and prospects.

Sales of a substantial number of shares of our ordinary shares in the public market by our existing shareholders could cause our share price to fall.

Sales of a substantial number of shares of our ordinary shares in the public market, or the perception that these sales might occur, could depress the market price of our ordinary shares and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales may have on the prevailing market price of our ordinary shares. Substantially all of the shares owned by our existing shareholders and option and warrant holders are subject to lock-up agreements with the underwriters of this offering that restrict the shareholders' ability to transfer our ordinary shares for at least six months from the date of this prospectus. Substantially all of our outstanding shares will become eligible for unrestricted sale upon expiration of the lockup period, as described in the sections of this prospectus entitled "Shares Eligible for Future Sale" and "Underwriting." In addition, shares issued or issuable upon exercise of options and warrants vested as of the expiration of the lock-up period will be eligible for sale at that time. Sales of shares by these shareholders could have a material adverse effect on the trading price of our ordinary shares. Moreover, after this offering, holders of an aggregate of approximately ordinary shares will have rights, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other shareholders. We intend to register all ordinary shares that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up agreements described in the "Underwriting" section of this prospectus.

Our management will have broad discretion in the use of the net proceeds from this offering and may allocate the net proceeds from this offering in ways that you and other shareholders may not approve.

Our management will have broad discretion in the use of the net proceeds, including for any of the purposes described in the section entitled "Use of Proceeds," and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure of our management to use these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in short-term, investment-grade, interest-bearing securities and depositary institutions. These investments may not yield a favorable return to our shareholders.

There is a substantial risk that we are or will become classified as a passive foreign investment company. If we are or become classified as a passive foreign investment company, our U.S. shareholders may suffer adverse tax consequences as a result.

Generally, for any taxable year, if at least 75% of our gross income is passive income, or at least 50% of the value of our assets is attributable to assets that produce passive income or are held for the production of passive income, including cash, we would be characterized as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. For purposes of these tests, passive income includes dividends, interest gains from commodities and securities transactions, the excess of gains over losses from the disposition of assets which produce passive income (including amounts derived by reason of the temporary investment of funds raised in offerings of our shares) and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. If we are characterized as a PFIC, our U.S. shareholders may suffer adverse tax consequences, including having gains realized on the sale of our ordinary shares treated as ordinary income, rather than capital gain, the loss of the preferential rate applicable to dividends received on our ordinary shares by individuals who are U.S. holders, and having interest charges apply to distributions by us and gains from the sales of our shares.

Our status as a PFIC will depend on the nature and composition of our income and the nature, composition and value of our assets (which, assuming we are not a "controlled foreign corporation," or a CFC, under Section 957(a) of the Internal Revenue Code of 1986, as amended, or the Code, for the year being tested, may be determined based on the fair market value of each asset, with the value of goodwill and going concern value determined in large part by reference to the market value of our common shares, which may be volatile). Our status may also depend, in part, on how quickly we utilize the cash proceeds from this offering in our business. Based upon the expected value of our assets, including any goodwill, and the expected nature and composition of our income and assets, we may be classified as a PFIC for the taxable year ending December 31, 2018 and in future taxable years. In particular, so long as we do not generate revenue from operations for any taxable year and do not receive any research and development grants, or even if we receive a research and development grant, if such grant does not constitute gross income for U.S. federal income tax purposes, we likely will be classified as a PFIC for such taxable year. Because the determination of whether we are a PFIC for any taxable year is a factual determination made annually after the end of each taxable year, there can be no assurance that we will not be considered a PFIC in any taxable year.

The tax consequences that would apply if we are classified as a PFIC would also be different from those described above if a U.S. shareholder were able to make a valid qualified electing fund, or QEF, election. At this time, we do not expect to provide U.S. shareholders with the information

necessary for a U.S. shareholder to make a QEF election. Prospective investors should assume that a QEF election will not be available.

If a United States person is treated as owning at least 10% of our shares, such holder may be subject to adverse U.S. federal income tax consequences.

If a United States person is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our shares, such person may be treated as a "United States shareholder" with respect to each "controlled foreign corporation" in our group (if any). If our group includes one or more U.S. subsidiaries, certain of our non-U.S. subsidiaries could be treated as controlled foreign corporations (regardless of whether we are or are not treated as a controlled foreign corporation). A United States shareholder of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income its pro rata share of "Subpart F income", "global intangible low-taxed income" and investments in U.S. property by controlled foreign corporations, whether or not we make any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. A failure to comply with these reporting obligations may subject you to significant monetary penalties and may prevent the statute of limitations with respect to your U.S. federal income tax return for the year for which reporting was due from starting. We cannot provide any assurances that we will assist investors in determining whether any of our non-U.S. subsidiaries are treated as a controlled foreign corporation or whether such investor is treated as a United States shareholder with respect to any of such controlled foreign corporations or furnish to any United States shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations. A United States investor should consult their own advisors regarding the potential application of these rules to its investment in the shares.

We have never paid cash dividends on our share capital, and we do not anticipate paying any cash dividends in the foreseeable future.

We have never declared or paid cash dividends on our ordinary shares. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends in the foreseeable future. As a result, capital appreciation, if any, of our ordinary shares will be investors' sole source of gain for the foreseeable future. In addition, Israeli law limits our ability to declare and pay dividends, and may subject our dividends to Israeli withholding taxes.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they adversely change their recommendations or publish negative reports regarding our business or our shares, our share price and trading volume could decline.

The trading market for our ordinary shares will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. We do not have any control over these analysts and we cannot provide any assurance that analysts will cover us or provide favorable coverage. If any of the analysts who may cover us adversely change their recommendation regarding our shares, or provide more favorable relative recommendations about our competitors, our share price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline.

As a foreign private issuer, we are permitted, and intend, to follow certain home country corporate governance practices instead of otherwise applicable Nasdaq requirements, and we will not be subject to certain U.S. securities laws including, but not limited to, U.S. proxy rules and the filing of certain Exchange Act reports.

As a foreign private issuer, we will be permitted, and intend, to follow certain home country corporate governance practices instead of those otherwise required by the Nasdaq Stock Market for domestic U.S. issuers. Following our home country governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on The Nasdaq Global Market may provide less protection to you than what is accorded to investors under the listing rules of Nasdaq applicable to domestic U.S. issuers. See the section titled "Management — Corporate Governance Practices."

As a foreign private issuer, we will be exempt from the rules and regulations under the Securities Exchange Act of 1934, or the Exchange Act, related to the furnishing and content of proxy statements, including the applicable compensation disclosure requirements. Nevertheless, pursuant to regulations promulgated under the Israeli Companies Law, 5759-1999, or the Israeli Companies Law, we are required to disclose the annual compensation of our five most highly compensated office holders on an individual basis. Such disclosure will not be as extensive as that required of a U.S. domestic issuer. Our officers, directors and principal shareholders will also 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 reports and financial statements with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act and we will be exempt from filing quarterly reports with the SEC under the Exchange Act. Moreover, we will not be required to comply with Regulation FD, which restricts the selective disclosure of material information, although we intend to voluntarily adopt a corporate disclosure policy substantially similar to Regulation FD. These exemptions and leniencies will reduce the frequency and scope of information and protections to which you may otherwise have been eligible in relation to a U.S. domestic issuer.

We would lose our foreign private issuer status if a majority of our shares are owned by U.S. residents and a majority of our directors or executive officers are U.S. citizens or residents or we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. 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 accepted governance practices associated with U.S. domestic issuers. Such conversion and modifications will involve additional costs. In addition, we would lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers.

We are an emerging growth company and the reduced disclosure requirements applicable to emerging growth companies may 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 as long as we remain an emerging growth company we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not "emerging growth companies." These exemptions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited condensed consolidated interim financial statements, with correspondingly reduced "Management's discussion and analysis of financial condition and results of operations" disclosure;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We will remain an emerging growth company until the earliest of: (i) the last day of our fiscal year during which we have total annual gross revenues of at least $1.07 billion; (ii) the last day of our fiscal year following the fifth anniversary of the closing of this offering; (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; or (iv) the date on which we are deemed to be a "large accelerated filer" under the Exchange Act. We have opted out of the extended transition period made available to emerging growth companies to comply with newly adopted public company accounting requirements.

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 discussed above. 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.

Risks Related to Israeli Law and Our Operations in Israel

Our headquarters and other significant operations are located in Israel, and, therefore, our results may be adversely affected by political, economic and military instability in Israel.

Our executive offices are located in Petach Tikva, Israel. In addition, the majority of our key employees, officers and directors are residents of Israel. If these or any future facilities in Israel were to be damaged, destroyed or otherwise unable to operate, whether due to war, acts of hostility, earthquakes, fire, floods, hurricanes, storms, tornadoes, other natural disasters, employee malfeasance, terrorist acts, power outages or otherwise, or if performance of our research and development is disrupted for any other reason, such an event could delay our clinical trials or, if our product candidates are approved and we choose to manufacture all or any part of them internally, jeopardize our ability to manufacture our products as promptly as our prospective customers will likely expect, or possibly at all. If we experience delays in achieving our development objectives, or if we are unable to manufacture an approved product within a timeframe that meets our prospective customers' expectations, our business, prospects, financial results and reputation could be harmed.

Political, economic and military conditions in Israel may directly affect our business. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between

Israel and its neighboring countries, Hamas (an Islamist militia and political group that has historically controlled the Gaza Strip) and Hezbollah (an Islamist militia and political group based in Lebanon). In addition, several countries, principally in the Middle East, restrict doing business with Israel, and additional countries may impose restrictions on doing business with Israel and Israeli companies whether as a result of hostilities in the region or otherwise. Any hostilities involving Israel, terrorist activities, political instability or violence in the region or the interruption or curtailment of trade or transport between Israel and its trading partners could adversely affect our operations and results of operations and the market price of our ordinary shares.

Our commercial insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East. Although the Israeli government is currently committed to covering the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained or, if maintained, will be sufficient to compensate us fully for damages incurred. Any losses or damages incurred by us could have a material adverse effect on our business, financial condition and results of operations.

Further, our operations could be disrupted by the obligations of our employees to perform military service. As of December 31, 2017, we had 55 employees based in Israel. Of these employees, some may be military reservists, and may be called upon to perform military reserve duty of up to 36 days per year (and in some cases more) until they reach the age of 40 (and in some cases, up to the age of 45 or older). Additionally, they may be called to active duty at any time under emergency circumstances. In response to increased tension and hostilities in the region, there have been, at times, call-ups of military reservists, and it is possible that there will be additional call-ups in the future. Our operations could be disrupted by the absence of these employees due to military service. Such disruption could harm our business and operating results.

Our operations are subject to currency and interest rate fluctuations.

Although our functional currency is the U.S. dollar, and our financial records are maintained in U.S. dollars, we also incur expenses in Euros and New Israeli Shekels. In the future, we expect that a substantial portion of our revenues will be generated in U.S. dollars, Euros and other foreign currencies, although we currently incur a significant portion of our expenses in currencies other than U.S. dollars, mainly New Israeli Shekels. As a result, we are affected by foreign currency exchange fluctuations through both translation risk and transaction risk, and our financial results may be affected by fluctuations in the exchange rates of currencies in the countries in which our prospective product candidates may be sold. We do not currently hedge our foreign currency exchange rate risk.

We received Israeli government grants for certain of our research and development activities, the terms of which may require us to pay royalties and to satisfy specified conditions in order to manufacture products and transfer technologies outside of Israel. If we fail to satisfy these conditions, we may be required to pay penalties and refund grants previously received.

Our research and development efforts have been financed in part through royalty-bearing and non-royalty-bearing grants in an aggregate amount of approximately $5.0 million that we received from the IIA as of December 31, 2017. The current IIA-approved research and development grants end on December 31, 2017. With respect to the royalty-bearing grants we are committed to pay royalties at a rate of 3.0% on sales proceeds from our products that were developed under IIA programs up to the total amount of grants received, linked to the U.S. dollar and bearing interest at an annual rate of LIBOR applicable to U.S. dollar deposits. We are further required to comply with the requirements of the Israeli Encouragement of Industrial Research, Development and Technological Innovation Law, 5744-1984, as amended, and related regulations, or the Research

Law, with respect to those past grants. When a company develops know-how, technology or products using IIA grants, the terms of these grants and the Research Law restrict the transfer or license of such know-how, and the transfer of manufacturing or manufacturing rights of such products, technologies or know-how outside of Israel, without the prior approval of the IIA. Therefore, the discretionary approval of an IIA committee would be required for any transfer or license to third parties inside or outside of Israel of know how or for the transfer outside of Israel of manufacturing or manufacturing rights related to those aspects of such technologies. We may not receive those approvals. Furthermore, the IIA may impose certain conditions on any arrangement under which it permits us to transfer technology or development.

The transfer or license of IIA-supported technology or know-how outside of Israel may involve the payment of significant amounts, depending upon the value of the transferred or licensed technology or know-how, our research and development expenses, the amount of IIA support, the time of completion of the IIA-supported research project and other factors. These restrictions and requirements for payment may impair our ability to sell, license or otherwise transfer our technology assets outside of Israel or to outsource or transfer development or manufacturing activities with respect to any product or technology outside of Israel. Furthermore, the consideration available to our shareholders in a transaction involving the transfer outside of Israel of technology or know-how developed with IIA funding (such as a merger or similar transaction) may be reduced by any amounts that we are required to pay to the IIA.

Provisions of Israeli law and our amended and restated articles of association may delay, prevent or otherwise impede a merger with, or an acquisition of, us, which could prevent a change of control, even when the terms of such a transaction are favorable to us and our shareholders.

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 such types of transactions. For example, a merger may not be consummated unless at least 50 days have passed from the date on which a merger proposal is filed by each merging company with the Israel Registrar of Companies and at least 30 days have passed from the date on which the shareholders of both merging companies have approved the merger. In addition, a majority of each class of securities of the target company must approve a merger. Moreover, a tender offer for all of a company's issued and outstanding shares can only be completed if the acquirer receives positive responses from the holders of at least 95% of the issued share capital. Completion of the tender offer also requires approval of a majority of the offerees that do not have a personal interest in the tender offer, unless, following consummation of the tender offer, the acquirer would hold at least 98% of the Company's outstanding shares. Furthermore, the shareholders, including those who indicated their acceptance of the tender offer, may, at any time within six months following the completion of the tender offer, claim that the consideration for the acquisition of the shares does not reflect their fair market value, and petition an Israeli court to alter the consideration for the acquisition accordingly, unless the acquirer stipulated in its tender offer that a shareholder that accepts the offer may not seek such appraisal rights, and the acquirer or the company published all required information with respect to the tender offer prior to the tender offer's response date.

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 but makes the deferral contingent on the fulfillment of a number of conditions, including, in some cases, 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 restrictions. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of the shares has occurred. These provisions could delay, prevent or impede an acquisition of us or our merger with another company, even if such an acquisition or merger would be beneficial to us or to our shareholders.

It may be difficult to enforce a judgment of a U.S. court against us and our executive officers and directors and the Israeli experts named in this prospectus in Israel or the United States, to assert U.S. securities laws claims in Israel or to serve process on our executive officers and directors and these experts.

We were incorporated in Israel. Substantially all of our executive officers and directors reside outside of the United States, and all of our assets and most of the assets of these persons are located outside of the United States. Therefore, a judgment obtained against us, or any of these persons, including a judgment based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the United States and may not be enforced by an Israeli court. It also may be difficult for you to effect service of process on these persons in the United States or to assert U.S. securities law claims in original actions instituted in Israel. Additionally, it may be difficult for an investor, or any other person or entity, to initiate an action with respect to U.S. securities laws 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 in which 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 proven as a fact by expert witnesses, 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 that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against us in Israel, you may not be able to collect any damages awarded by either a U.S. or foreign court. See "Enforceability of Civil Liabilities" for additional information on your ability to enforce a civil claim against us and our executive officers or directors named in this prospectus.

Your rights and responsibilities as a shareholder will be governed by Israeli law, which differs in some material respects from the rights and responsibilities of shareholders of U.S. companies.

The rights and responsibilities of the holders of our ordinary shares are governed by our amended and restated articles of association and by Israeli law. These rights and responsibilities differ in some material respects from the rights and responsibilities of shareholders in U.S. companies. In particular, a shareholder of an Israeli company has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards the Company and other shareholders, and to refrain from abusing its power in the Company, including, among other things, in voting at a 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 related party transactions requiring shareholder approval, as well as a general duty to refrain from discriminating against other shareholders. In addition, a shareholder who is aware that it possesses the power to determine the outcome of a vote at a meeting of the shareholders or to appoint or prevent the appointment of a director or executive officer in the company has a duty of fairness toward the company. See "Management — Shareholder Duties" for additional information. There is limited case law available to assist us in understanding the nature of these duties or the implications of these provisions. 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. companies.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements concerning our business, operations and financial performance and condition, as well as our plans, objectives and expectations for our business operations and financial performance and condition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "contemplate," "continue," "could," "due," "estimate," "expect," "goal," "intend," "may," "objective," "plan," "predict," "potential," "positioned," "seek," "should," "target," "will," "would," and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- the timing and conduct of our clinical trials of D-PLEX$_{100}$ and our other product candidates, including statements regarding the timing, progress and results of current and future preclinical studies and clinical trials, and our research and development programs;
- the clinical utility, potential advantages and timing or likelihood of regulatory filings and approvals of D-PLEX$_{100}$ and our other product candidates;
- our plans regarding utilization of regulatory pathways that would allow for accelerated marketing approval in the United States, the European Union and other jurisdictions;
- our expectations regarding timing for application for and receipt of regulatory approval for any of our product candidates;
- our ongoing and planned discovery and development of product candidates;
- our expectations regarding future growth, including our ability to develop, and obtain regulatory approval for, new product candidates;
- our expectations regarding when certain patents may be issued and the protection and enforcement of our intellectual property rights;
- our plans to develop and commercialize our product candidates;
- our estimates regarding the market opportunity for our product candidates;
- our ability to maintain relationships with certain third parties;
- our estimates regarding anticipated capital requirements and our needs for additional financing;
- our planned level of capital expenditures;
- our expectations regarding licensing, acquisitions and strategic partnering;
- our expectations regarding the maintenance of our foreign private issuer status;
- the impact of government laws and regulations; and
- our expectations regarding the use of proceeds from this offering.

Forward-looking statements are based on our management's current expectations, estimates, forecasts and projections about our business and the industry in which we operate and our management's beliefs and assumptions, and are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this prospectus may turn out to be inaccurate. Important factors that may cause actual results to differ materially from current expectations include, among other things, those listed under "Risk Factors"

and elsewhere in this prospectus. Potential investors are urged to consider these factors carefully in evaluating the forward-looking statements.

The forward-looking statements included in this prospectus speak only as of the date of this prospectus. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future. You should, however, review the factors and risks we describe in the reports we will file from time to time with the SEC after the date of this prospectus. See "Where You Can Find More Information."

USE OF PROCEEDS

We estimate that the net proceeds from the sale of ordinary shares in this offering will be approximately $ million, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, based on an assumed initial public offering price of $ per ordinary share, which is the midpoint of the price range set forth on the cover page of this prospectus. If the underwriters exercise their option to purchase up to an additional ordinary shares in full, we estimate that the net proceeds to us from this offering will be approximately $ million, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per ordinary share would increase (decrease) the net proceeds to us from this offering, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, by $ million, assuming that the number of ordinary shares offered by us, as set forth on the cover page of this prospectus, remains the same. We may also increase or decrease the number of ordinary shares we are offering. An increase (decrease) of 1.0 million in the number of ordinary shares we are offering would increase (decrease) the net proceeds to us from this offering, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, by $ million, assuming the assumed initial public offering price stays the same.

We intend to use the net proceeds from this offering, together with our existing cash and cash equivalents and short-term deposits, as follows:

- approximately $ million to $ million to fund clinical development of our product candidates, including our planned Phase 3 clinical trial of D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac surgery, and our planned Phase 2 clinical trial of D-PLEX$_{100}$ for the prevention of SSIs, to be conducted in patients undergoing abdominal surgery;
- approximately $ million to $ million to fund our manufacturing activities, including the construction of our pilot manufacturing facility and the initiation of preparations for our larger commercial-scale cGMP-compliant manufacturing facility; and
- the balance for other general corporate purposes, including general and administrative expenses and working capital.

We may also use a portion of the net proceeds from this offering to acquire or invest in complementary products, technologies or businesses, although we have no present agreements or commitments to do so.

Although we currently anticipate that we will use the net proceeds from this offering as described above, there may be circumstances where a reallocation of funds is necessary. Due to the uncertainties inherent in the clinical development and regulatory approval process, it is difficult to estimate with certainty the exact amounts of the net proceeds from this offering that may be used for any of the above purposes on a stand-alone basis. Amounts and timing of our actual expenditures will depend upon a number of factors, including our sales, marketing and commercialization efforts, regulatory approval and demand for our product candidates, operating costs and other factors described under "Risk Factors" in this prospectus. Accordingly, our management will have flexibility in applying the net proceeds from this offering. An investor will not have the opportunity to evaluate the economic, financial or other information on which we base our decisions on how to use the proceeds.

Based on our current plans, we believe that our existing cash resources will be sufficient to enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months. We anticipate that these funds, together with the net proceeds from this offering, will be sufficient for the completion of . We have based this estimate on assumptions that may

prove to be incorrect, and we could use our available capital resources sooner than we currently expect.

Pending our application of the net proceeds from this offering, we plan to invest such proceeds in in short-term, investment-grade, interest-bearing securities and depositary institutions.

DIVIDEND POLICY

We have never declared or paid any cash dividends to our shareholders of our ordinary shares, and we do not anticipate or intend to pay cash dividends in the foreseeable future. Payment of cash dividends, if any, in the future will be at the discretion of our board of directors in compliance with applicable legal requirements and will depend on a number of factors, including future earnings, our financial condition, operating results, contractual restrictions, capital requirements, business prospects, our strategic goals and plans to expand our business, applicable law and other factors that our board of directors may deem relevant.

The Israeli Companies Law imposes further restrictions on our ability to declare and pay dividends. See "Description of Share Capital — Dividend and Liquidation Rights" for additional information.

Payment of dividends may be subject to Israeli withholding taxes. See "Taxation — Material Israeli Tax Considerations" for additional information.

CAPITALIZATION

The following table sets forth our cash, cash equivalents and short-term deposits and capitalization as of December 31, 2017, on:

- an actual basis;
- a pro forma basis to give effect to (i) the automatic conversion of all outstanding preferred shares into 73,107,811 ordinary shares upon the closing of this offering and (ii) the exercise of warrants to purchase 450,000 Series A preferred shares, and the automatic conversion thereof into 450,000 ordinary shares, which will occur upon the closing of this offering; and
- a pro forma as adjusted basis to give further effect to the sale of ordinary shares in this offering at the assumed initial public offering price of $ per ordinary share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma and pro forma as adjusted data included in the table below are also unaudited. You should read this information together with our condensed consolidated financial statements appearing elsewhere in this prospectus and the information set forth under the headings "Selected Financial Data," "Use of Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of December 31, 2017		
	Actual	Pro Forma	Pro Forma As Adjusted
		(unaudited) (in thousands)	
Cash, cash equivalents and short-term deposits[1]	$ 17,938	$ 17,951	$
Convertible preferred shares warrant liability	47,399	—	
Preferred A, A-1, B, B-1, C-1, C-2, D-1, D-3 and E shares of NIS 0.10 par value: 101,928,140 shares authorized, actual; no shares authorized, pro forma and pro forma as adjusted; 73,107,811 shares issued and outstanding, actual; no shares issued and outstanding, pro forma and pro forma as adjusted	59,983	—	
Shareholders' (deficiency) equity:			
Ordinary shares of NIS 0.10 par value: 125,500,000 shares authorized, actual; shares authorized pro forma; shares authorized pro forma as adjusted; 4,673,211 issued and outstanding, actual; 78,231,022 shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted	129	2,251	
Additional paid-in capital	3,540	107,725	
Accumulated deficit	(92,315)	(92,315)	
Total shareholders' (deficiency) equity[1]	(88,646)	17,661	
Total capitalization[1]	$ 18,736	$ 17,661	$

(1) Each $1.00 increase or decrease in the assumed initial public offering price of $ per ordinary share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, respectively, the amount of cash, cash equivalents and short-term deposits, total shareholders' (deficiency) equity and total capitalization by $ million, assuming the number of ordinary shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and

commissions and estimated offering expenses payable by us. We may also increase or decrease the number of ordinary shares we are offering. An increase or decrease of 1.0 million in the number of ordinary shares we are offering would increase or decrease, respectively, the amount of cash, cash equivalents and short-term deposits, total shareholders' (deficiency) equity and total capitalization by $ million, assuming the assumed initial public offering price per ordinary share, as set forth on the cover page of this prospectus, remains the same. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing.

The number of ordinary shares issued and outstanding, actual, pro forma and pro forma as adjusted shown in the foregoing table and calculations excludes:

- 17,755,506 ordinary shares reserved for issuance under our Amended and Restated 2012 Share Option Plan, including 16,151,970 ordinary shares reserved for issuance upon the exercise of outstanding options at a weighted average exercise price of $0.61 per share; and

- 23,057,712 ordinary shares issuable upon the exercise of outstanding warrants to purchase Series D-2 preferred shares, at a weighted average exercise price of $1.10 per share, which warrants will automatically convert into warrants to purchase ordinary shares upon the closing of this offering and are expected to remain outstanding at the consummation of this offering.

DILUTION

If you invest in our ordinary shares in this offering, your interest will be immediately diluted to the extent of the difference between the initial public offering price per ordinary share in this offering and the pro forma as adjusted net tangible book value per ordinary share after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the net tangible book value per ordinary share. As of December 31, 2017, we had a historical net tangible book value of $18.7 million, or $4.01 per ordinary share. Our net tangible book value per share represents total tangible assets less total liabilities, divided by the number of ordinary shares outstanding on December 31, 2017.

Our pro forma net tangible book value as of December 31, 2017 was $17.7 million, or $0.23 per ordinary share. Pro forma net tangible book value per share represents total tangible assets less total liabilities, divided by the number of ordinary shares outstanding as of December 31, 2017, after giving effect to the automatic conversion of all outstanding preferred shares into ordinary shares and the exercise of warrants to purchase 450,000 Series A preferred shares, and the automatic conversion thereof into 450,000 ordinary shares, which will occur upon the closing of this offering.

After giving effect to the sale of ordinary shares in this offering at an assumed initial public offering price of $ per ordinary share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses, and after taking into account the automatic conversion of all of our outstanding preferred shares into ordinary shares and the exercise of warrants to purchase 450,000 Series A preferred shares, and the automatic conversion thereof into 450,000 ordinary shares, which will occur upon the closing of this offering, our pro forma as adjusted net tangible book value at December 31, 2017 would have been $ per share. This represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to existing shareholders and immediate dilution of $ per ordinary share to new investors. The following table illustrates this dilution per ordinary share:

Assumed initial public offering price per ordinary share		$
Historical net tangible book value per ordinary share as of December 31, 2017	$ 4.01	
Decrease in net tangible book value per ordinary share due to conversion of preferred shares and exercise of warrants to purchase shares of Series A preferred shares	$ (3.78)	
Pro forma net tangible book value per ordinary share as of December 31, 2017	$ 0.23	
Increase in pro forma net tangible book value per ordinary share attributable to new investors	$	
Pro forma as adjusted net tangible book value per ordinary share after this offering		$
Dilution per ordinary share to new investors participating in this offering		$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per ordinary share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value as of December 31, 2017 after this offering by approximately $ per ordinary share, and would increase (decrease) dilution to investors in this offering by $ per ordinary share, assuming that the number of ordinary shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of ordinary shares we are offering. An increase (decrease) of 1.0 million in the number of ordinary

shares we are offering would increase (decrease) our pro forma as adjusted net tangible book value as of December 31, 2017 after this offering by approximately $ per ordinary share, and would decrease (increase) dilution to investors in this offering by approximately $ per ordinary share, assuming the assumed initial public offering price per ordinary share remains the same, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma and pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing.

If the underwriters exercise in full their option to purchase additional ordinary shares, the pro forma as adjusted net tangible book value will increase to $ per ordinary share, representing an immediate increase in pro forma as adjusted net tangible book value to existing shareholders of $ per ordinary share and an immediate dilution of $ per ordinary share to new investors participating in this offering.

We may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our equity holders.

The following table shows, as of December 31, 2017, on a pro forma as adjusted basis, the number of ordinary shares purchased from us, the total consideration paid to us and the average price paid per share during the last five years by existing shareholders and by new investors purchasing ordinary shares in this offering at an assumed initial public offering price of $ per ordinary share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us:

(in thousands, except share and per share amounts and percentages)	Shares Subscribed for/ Purchased		Total Consideration		Average Price per Share
	Number	Percent	Amount	Percent	
Existing shareholders		%	$	%	$
Investors participating in this offering					
Total		100%	$	100%	$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per ordinary share (the midpoint of the price range set forth on the cover page of this prospectus) would increase (decrease) the total consideration paid by investors participating in this offering, total consideration paid by all shareholders and the average price per share paid by all shareholders by approximately $ million, $ million and $ million, respectively, assuming that the number of ordinary shares offered by us, as set forth on the cover page of this prospectus, remains the same and before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Similarly, a 1.0 million share increase (decrease) in the number of ordinary shares offered by us, as set forth on the cover of this prospectus, would increase (decrease) the total consideration paid by investors participating in this offering, total consideration paid by all shareholders and the average price per share paid by all shareholders by approximately $ million, $ million and $ million, respectively, assuming the assumed initial public offering price of $ per ordinary share (the midpoint of the price range set forth on the cover page of this prospectus)

remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The tables and discussion above shown are based on 78,231,022 ordinary shares outstanding as of December 31, 2017, after giving effect to the automatic conversion of all outstanding preferred shares into ordinary shares and the exercise of warrants to purchase 450,000 Series A preferred shares, and the automatic conversion thereof into 450,000 ordinary shares, each of which will occur upon the closing of this offering, and excludes:

- 16,151,970 ordinary shares reserved for issuance upon the exercise of outstanding options as of December 31, 2017, at a weighted average exercise price of $0.61 per share;
- 7,167,786 ordinary shares reserved for issuance under our Amended and Restated 2012 Share Option Plan, as of the date of this prospectus, as well as any automatic increases in the number of ordinary shares reserved for issuance under the Amended and Restated 2012 Share Option Plan; and
- 23,057,712 ordinary shares issuable upon the exercise of outstanding warrants to purchase Series D-2 preferred shares as of December 31, 2017, at a weighted average exercise price of $1.10 per share, which warrants will automatically convert into warrants to purchase ordinary shares upon the closing of this offering and are expected to remain outstanding at the consummation of this offering.

SELECTED FINANCIAL DATA

The following table summarizes our financial data. We have derived the following statements of operations data for the years ended December 31, 2016 and 2017 and the balance sheet data as of December 31, 2016 and 2017 from our audited consolidated financial statements included elsewhere in this prospectus, which have been prepared in accordance with U.S. GAAP. Our historical results are not necessarily indicative of the results that may be expected in the future, and our results for any interim period are not necessarily indicative of results that may be expected for any full year. The following selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,	
	2016	2017
	(in thousands, except share and per share amounts)	
Research and development, net	$ 7,708	$ 9,736
General and administrative	2,551	4,064
Operating loss	10,259	13,800
Financial expenses, net	1,133	40,688
Net loss	$ 11,392	$ 54,488
Deemed dividend	$ —	$ 1,255
Net loss attributable to ordinary shares	11,392	55,743
Basic and diluted net loss per ordinary share	$ (3.08)	$ (12.75)
Weighted average number of ordinary shares, basic and diluted	4,544,628	4,673,405

	As of December 31,	
	2016	2017
	(in thousands)	
Balance Sheet Data:		
Cash, cash equivalents and short-term deposits	$ 17,751	$ 17,938
Working capital[(1)]	16,556	15,366
Total assets	19,237	22,984
Convertible preferred shares	44,026	59,983
Convertible preferred shares warrant liability	6,616	47,399
Total shareholders' deficiency	(33,959)	(88,646)

(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

You should read the following discussion in conjunction with our audited consolidated financial statements, including the related notes thereto, beginning on page F-1. In addition to historical information, this discussion contains forward-looking statements that involve risks and uncertainties. You should read the sections of this prospectus titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements" for a discussion of the factors that could cause our actual results to differ materially from our expectations.

Overview

We are a clinical-stage pharmaceutical company focused on developing and commercializing novel, locally administered therapies using our transformational PLEX (Polymer-Lipid Encapsulation matriX) technology. Our product candidates are designed to address unmet medical needs by delivering active pharmaceutical ingredients, or APIs, locally at customizable, predetermined release rates and durations over extended periods ranging from days to several months. We believe that our PLEX technology represents a paradigm shift in the treatment of a wide variety of localized medical conditions, including infection, pain, inflammation and cancer. We are initially focused on the development of our lead product candidate, D-PLEX$_{100}$, which incorporates an antibiotic, for the prevention of SSIs in bone and soft tissue.

Since our inception in 2008, we have incurred significant operating losses. Our net losses of $11.4 million and $54.5 million for the years ended December 31, 2016 and 2017, respectively, and net losses attributable to ordinary shares were $11.4 million and $55.7 million for the years ended December 31, 2016 and 2017, respectively. As of December 31, 2017, we had an accumulated deficit of $92.3 million. We expect to continue to incur significant expenses and operating losses for the foreseeable future, and our losses may fluctuate significantly from year to year. We anticipate that our expenses will increase significantly in connection with our ongoing activities, as we:

- file an IND and a CTA and shortly thereafter initiate our Phase 3 clinical trial of D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac surgery and our Phase 2 clinical trial of D-PLEX$_{100}$ in patients undergoing abdominal surgery for the prevention of SSIs;
- file an NDA seeking regulatory approval for D-PLEX$_{100}$ pursuant to the FDA's Section 505(b)(2) regulatory pathway in the United States and the hybrid application pathway in the European Union;
- continue to invest in the preclinical research and development of our future product candidates;
- build our pilot manufacturing facility and our larger-scale cGMP manufacturing facility;
- establish a commercial infrastructure to support the marketing, sale and distribution of D-PLEX$_{100}$ if it receives regulatory approval;
- hire additional research and development and general and administrative personnel to support our operations;
- maintain, expand and protect our intellectual property portfolio; and
- incur additional costs associated with operating as a public company following the completion of this offering.

We do not have any product candidates approved for sale and have not generated any revenue from product sales. To date, we have financed our operations primarily through private placements of equity securities and convertible debt, as well as grants from the IIA, and the European Commission's Seventh Framework Programme for Research, or the FP7. From our

inception through December 31, 2017, we have raised an aggregate of $63.7 million from private placements of equity securities and convertible debt. In February 2016, we received an aggregate of $21.9 million in gross proceeds from the sale of shares of our Series D-1 preferred shares and warrants to purchase Series D-2 shares. In August 2016, we received an aggregate of $5.3 million in gross proceeds from the sale of our Series D-3 preferred shares. In the third and fourth quarters of 2017, we received an aggregate of $15.0 million in gross proceeds from the sale of our Series E preferred shares, or the Series E Private Placement, $1.6 million of which we received in a deferred closing in November and December 2017. See "—Results of Operations—Comparison of the Years ended December 31, 2016 and 2017—Net Loss Attributable to Ordinary Shares."

Components of Results of Operations

Revenue

To date, we have not generated any revenue from product sales and do not expect to generate any revenue from product sales for the next several years.

Research and Development Expenses, Net

Research and development expenses, net consist primarily of costs incurred in connection with our research and development activities. This includes conducting preclinical studies and clinical trials, manufacturing development efforts and activities related to regulatory filings for product candidates. Our research and development expenses primarily consist of:

- salaries and personnel-related costs, including benefits and share-based compensation expense, for our scientific personnel performing research and development activities;
- costs related to executing preclinical studies and clinical trials;
- costs related to acquiring, developing and manufacturing materials for our preclinical studies and clinical trials;
- costs of third party suppliers;
- fees paid to consultants and other third parties who support our product candidate development;
- expenses related to regulatory activities, including filing fees paid to regulatory agencies;
- other costs incurred in seeking regulatory approval of our product candidates; and
- allocated facility-related costs and overhead.

Research and development expenses are expensed as incurred. We record accrued expenses for research and development activities conducted, on our behalf, by third-party service providers, which include the conduct of pre-clinical studies and clinical trials and contract manufacturing activities. We record these accrued expenses based upon research and development activities performed by such third-party service providers and reported to us, and we include these costs in accrued liabilities in the balance sheets and within research and development expense in the statement of operations.

We typically use our employee, consultant and infrastructure resources across our development programs. We track outsourced development costs by product candidate or preclinical program, but we do not allocate personnel costs, other internal costs or external consultant costs to specific product candidates or preclinical programs.

From inception though December 31, 2017, we have incurred approximately $33.3 million in research and development expenses to advance the development of our product candidates and preclinical research and development programs. As of December 31, 2017, we have received

grants of $5.0 million in the aggregate from the IIA. Pursuant to the terms of the grants, we are required to pay royalties of 3.0% to the IIA on revenues from sales of products for which the research and development was funded, in whole or in part, by the IIA, up to a limit of 100% of the amount of the grant received, plus annual interest calculated at a rate based on 12-month LIBOR. In addition, we must abide by other restrictions associated with the receipt of such grants under the R&D Law that continue to apply following repayment to IIA. These restrictions may impair our ability to outsource manufacturing, engage in change of control transactions or otherwise transfer our knowledge outside of Israel and may require us to obtain IIA approval for certain actions and transactions and pay additional amounts to IIA. In addition, any change of control and any change of ownership of our ordinary shares that would make a non-Israel citizen or resident an "interested party" as defined in the R&D Law requires prior written notice from IIA. As of December 31, 2017, we have also received non-royalty bearing grants of $0.3 million in the aggregate from the IIA and $0.7 million in the aggregate from the FP7.

Substantially all of our research and development expenses for the years ended December 31, 2016 and 2017 were related to the development of the D-PLEX family.

We expect our research and development expenses will increase for the foreseeable future as we seek to advance our clinical-stage product candidates and preclinical research and development programs. At this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the development of our product candidates. We are also unable to predict when, if ever, material net cash inflows will commence from sales of our product candidates. This is due to the numerous risks and uncertainties associated with developing such product candidates, including the uncertainty of:

- successful enrollment in and completion of clinical trials;
- establishing an appropriate safety profile;
- receipt of marketing approvals from applicable regulatory authorities;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- commercializing the product candidates, if and when approved, whether alone or in collaboration with others;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our product candidates;
- continued acceptable safety profiles of products following approval; and
- retention of key research and development personnel.

A change in the outcome of any of these variables with respect to the development of any of our product candidates would significantly change the costs, timing and viability associated with the development of that product candidate.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and personnel-related expenses, including benefits and share-based compensation expense, for employees performing functions other than research and development. This includes personnel in executive, finance and administrative support functions. Other general and administrative expenses include facility-related costs not otherwise allocated to research and development expense, professional fees for auditing, tax and legal services and other consulting fees.

We expect our general and administrative expenses will increase in the future to support continued research and development activities. We also anticipate that we will incur increased

accounting, audit, legal, regulatory, compliance and director and officer insurance costs, as well as investor, public relations and compliance expenses, associated with operating as a public company. We also anticipate increased expenses if any of our product candidates receives regulatory approval and we determine to build a commercial infrastructure to support sales and marketing of our products.

Financial Income (Expense), Net

Financial income (expense), net consists of reevaluation of our preferred share warrant liability, as well as interest income on our cash, cash equivalents and short-term deposits and our foreign exchange gains and losses.

Results of Operations

Comparison of the Years Ended December 31, 2016 and 2017

The following table summarizes our results of operations for the years ended December 31, 2016 and 2017:

	Year Ended December 31,	
	2016	**2017**
	(in thousands)	
Research and development expenses, net	$ 7,708	$ 9,736
General and administrative expenses	2,551	4,064
Operating loss	10,259	13,800
Financial expenses, net	1,133	40,688
Net loss	$ 11,392	$ 54,488
Deemed dividend	—	1,255
Net loss attributable to ordinary shares	$ 11,392	$ 55,743

Research and Development Expenses, Net

Research and development expenses, net increased by $2.0 million during the year ended December 31, 2017 compared to the year ended December 31, 2016. The increase in research and development expenses resulted primarily from increases in expenses related to the research and clinical development of D-PLEX$_{100}$. More specifically, this amount included increases in third-party clinical and manufacturing research and development expenses and preclinical and clinical trial costs for our D-PLEX family product candidates, costs associated with the maintenance and prosecution of our intellectual property portfolio and salaries and personnel-related expenses, including benefits, and share-based compensation to research and development employees, driven by increased headcount across all research and development functions from 31 employees as of December 31, 2016 to 41 employees as of December 31, 2017. These increases were partially offset by decreases in third-party consultant costs and regulatory expenses. These increases were further offset by an increase in IIA grants.

General and Administrative Expenses

General and administrative expenses increased by $1.5 million during the year ended December 31, 2017 compared to the year ended December 31, 2016. The increase in general and administrative expenses resulted primarily from increases in salaries, personnel-related expenses, including benefits, and share-based compensation driven by increased headcount across all general and administrative functions from 12 employees as of December 31, 2016 to 14 employees

as of December 31, 2017, increases in legal and professional costs and facility and maintenance costs and compensation expenses of $387,000 with respect to an investment by an affiliate of a director in the deferred closing of the Series E Private Placement.

Financial Expenses, Net

Financial expenses, net increased by $39.6 million during the year ended December 31, 2017 compared to the year ended December 31, 2016. The increase in financial expenses, net relate primarily to the reevaluation of our preferred share warrant liability relating to the receipt of the results from our primary efficacy endpoint from our Phase 1b/2 clinical trial of D-PLEX$_{100}$, partially offset by increases related to financial income and exchange rate differences.

Net Loss Attributable to Ordinary Shares

Net loss attributable to ordinary shares increased by $44.3 million during the year ended December 31, 2017 compared to the year ended December 31, 2016. The increase in net loss attributable to ordinary shares includes a deemed dividend of $1.2 million related to shares issued in the deferred closing of the sale of our Series E preferred shares in November and December 2017. As the deferred closing occurred after we received the results of the primary efficacy endpoint from our Phase 1b/2 clinical trial of D-PLEX$_{100}$, we determined that the fair market value of the Series E preferred shares sold in the deferred closing was higher than at the initial closing.

Liquidity and Capital Resources

Sources of Liquidity

Since our inception, we have not generated any revenue and have incurred net losses and negative cash flows from our operations. We have funded our operations primarily through the sale of equity securities and convertible debt. From our inception through December 31, 2017, we raised an aggregate of $63.7 million from private placements of equity securities and convertible debt. In the third and fourth quarters of 2017, we received an aggregate of $15.0 million in gross proceeds from the sale of our Series E preferred shares. As of December 31, 2017, we had $17.9 million in cash, cash equivalents and short-term deposits.

We currently have no ongoing material financing commitments, such as lines of credit or guarantees that are expected to affect our liquidity over the next five years, other than our lease obligations.

Cash Flows

The following table provides information regarding our cash flows for the periods indicated:

	Year Ended December 31,	
	2016	2017
	(in thousands)	
Net cash used in operating activities	$ (9,733)	$ (12,312)
Net cash used in investing activities	(8,069)	(8,385)
Net cash provided by financing activities	26,344	14,383
Net increase (decrease) in cash and cash equivalents	$ 8,542	$ (6,314)

Operating Activities

Net cash used in operating activities related primarily to our net losses adjusted for non-cash charges and measurements and changes in components of working capital. Adjustments to net

loss for non-cash items mainly include depreciation, reevaluation of preferred share warrants and share-based compensation.

Net cash used in operating activities was $12.3 million for the year ended December 31, 2017, as compared to $9.7 million for the year ended December 31, 2016. The increase in net cash used in operating activities was attributable primarily to increased research and development costs, and associated general and administrative expenses, as we conducted research and development and regulatory work related to the D-PLEX family.

Investing Activities

Net cash used in investing activities related primarily to the acquisition of short-term deposits and the purchase of laboratory equipment, office equipment and furniture and leasehold improvements.

Net cash used in investing activities was $8.4 million for the year ended December 31, 2017, as compared to $8.1 million for the year ended December 31, 2016. The increase in net cash used in investing activities in 2017 primarily related to the acquisition of short-term deposits, the construction of our pilot manufacturing facility and for the purchase of equipment.

Financing Activities

Net cash provided by financing activities related primarily to funds raised by the issuance of convertible debt and preferred shares.

Net cash provided by financing activities was $14.4 million for the year ended December 31, 2017, related to the issuance of shares of our Series E preferred shares, as compared to $26.3 million for the year ended December 31, 2015, related to the issuance of shares of our Series D-1 and D-3 preferred shares.

Funding Requirements

To date, we have not generated any revenues from the commercial sale of our product candidates, and we do not expect to generate revenue for at least the next few years. We expect our expenses to increase in connection with our ongoing activities, particularly as we continue the research and development of, continue or initiate large, late-stage clinical trials of, and seek marketing approval for, D-PLEX$_{100}$ and our future product candidates. In addition, if we obtain marketing approval for D-PLEX$_{100}$ or any of our future product candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution to the extent that such sales, marketing, manufacturing and distribution are not the responsibility of potential collaborators. Furthermore, following the completion of this offering, we expect to incur additional costs associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts.

We expect that our existing cash and cash equivalents and short-term deposits will enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months. Our future capital requirements will depend on many factors, including:

- the scope, progress, results and costs of our ongoing and planned nonclinical studies and clinical trials of D-PLEX$_{100}$;
- the number and development requirements of other future product candidates that we may pursue;

- the costs, timing and outcome of regulatory review of D-PLEX$_{100}$ and our future product candidates;
- the costs and timing of establishing and validating manufacturing processes and facilities for development and commercialization of D-PLEX$_{100}$ and our future product candidates, if approved, including our pilot and larger-scale manufacturing facilities;
- the costs and timing of future commercialization activities, including product manufacturing, marketing, sales and distribution, for any of our product candidates for which we receive marketing approval;
- the revenue, if any, received from commercial sales of our product candidates for which we receive marketing approval, which may be affected by market conditions, including obtaining coverage and adequate reimbursement of our product candidates from third-party payors, including government programs and managed care organizations, and competition;
- our ability to establish and maintain collaborations on favorable terms, if at all;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims; and
- the extent to which we acquire or in-license other product candidates and technologies.

Identifying potential product candidates and conducting preclinical studies and clinical trials is a time-consuming, expensive and uncertain process that takes many years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of product candidates that we do not expect to be commercially available for many years, if at all. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. Adequate additional financing may not be available to us on acceptable terms, or at all.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings, grants, collaborations, strategic alliances and licensing arrangements. 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 securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to 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 product candidates that we would otherwise prefer to develop and market ourselves.

Contractual Obligations and Commitments

The following table summarizes our commitments to settle contractual obligations at December 31, 2017:

	Less than 1 Year	1 to 3 Years	4 to 5 Years	More than 5 Years	Total
	(in thousands)				
Operating lease obligations[1]	$ 1,068	$ 3,103	$ 1,957	$ 1,965	$ 8,093

(1) Operating lease obligation consist of payments pursuant to lease agreements for our Israeli and U.S. facilities and motor vehicle leases.

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding. The table does not include obligations under agreements that we can cancel without a significant penalty.

We enter into contracts in the normal course of business for preclinical studies, manufacturing and other services and products for operating purposes. These contracts generally provide for termination upon notice, and therefore we believe that our non-cancelable obligations under these agreements are not material.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We do not engage in off-balance sheet financing arrangements. In addition, we do not engage in trading activities involving non-exchange traded contracts.

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with accepted accounting principles generally accepted in the United States. The preparation of our consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, costs and expenses. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates. Our most critical accounting policies are summarized below. See note 2 to our consolidated financial statements beginning on page F-1 of this prospectus for a description of our other significant accounting policies.

Share-Based Compensation

We account for share-based compensation granted to employees, non-employee directors and service providers in accordance with FASB ASC Topic 718, Compensation — Stock Compensation, or ASC 718, and FASB ASC Topic 505-50, Equity-Based Payments to Non-Employees, which requires companies to estimate the fair value of equity-based payment awards on the date of grant using the option-pricing model, or OPM. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in our statements of operations.

We recognize compensation costs net of a forfeiture rate only for those shares expected to vest using the straight line method over the requisite service period of the award, which is generally the option vesting term of three years. Upon adoption of ASU 2016-09, we elected to change our accounting policy to account for forfeitures as they occur.

Option Valuations

We selected the Black-Scholes-Merton model as the most appropriate fair value method for our option awards. The Black-Scholes-Merton model requires a number of assumptions, of which the most significant are the expected share price, volatility and the expected option term.

The fair value of ordinary shares underlying the options has historically been determined by management and the board of directors with the assistance of an independent financial and economic consultant. As there has been no public market for our ordinary shares, our board of directors has determined fair value of an ordinary share at the time of grant of the option by calculating the present value of expected future investment returns and considering a number of objective and subjective factors including our business model projections, historical operating and financial performance, data from other comparable companies, sales of convertible preferred shares to unrelated third parties, the lack of liquidity of share capital and general and industry specific economic outlook, among other factors. The fair value of the underlying ordinary shares will be determined by the board of directors until such time as our ordinary shares are listed on an established share exchange or national market system. Our board of directors determined the fair value of ordinary shares based on the valuation performed using the hybrid method, which takes into account the initial public offering and the non-initial public offering scenario method as of December 31, 2017.

Key Assumptions

The Black-Scholes-Merton option-pricing model requires the input of highly subjective assumptions, including the fair value of the underlying ordinary shares, the expected volatility of the price of our ordinary shares, the expected term of the option, risk-free interest rates and the expected dividend yield of our ordinary shares. These estimates involve inherent uncertainties and the application of the management's judgment. If such inputs change and different assumptions are used, our share-based compensation expenses could be materially different in the future. These assumptions are estimated as follows:

- *Fair value of our ordinary shares*. Since our shares were not publicly traded prior to our initial public offering, we estimated the fair value of our ordinary shares. Upon the completion of our initial public offering, our ordinary shares will be valued by reference to the publicly-traded price of our ordinary shares.

- *Volatility*. The expected share price volatility was based on the historical volatility of the ordinary shares of comparable companies that are publicly traded.

- *Expected term*. The expected term represents the period that our share-based awards are expected to be outstanding. As to the share-option awards granted to employees, the expected term is calculated using the average between the vesting period and the contractual term to the expected term of the options in effect at the time of grant. For option awards granted to non-employees, the expected term is equal to the remaining contractual life of the option, which is generally 10 years from the grant date.

- *Risk-free rate*. The risk-free interest rate is based on the yields of U.S. Treasury securities with maturities similar to the expected term of the options in each option group.

- *Expected dividend yield*. We have never declared or paid cash dividends and we do not have plans to pay cash dividends in the foreseeable future. Consequently, we used an expected dividend yield of zero.

If any of the assumptions used in the Black-Scholes-Merton model change significantly, the share-based compensation expenses in future awards may differ materially as compared with the current awards granted.

The following table presents the assumptions used to estimate the fair value of options granted to employees, non-employee directors and service providers during the periods presented:

	Year Ended December 31,	
	2016	2017
Expected term (in years)	7 - 10	7 - 10
Expected volatility	75.0% - 89.0%	75.0% - 94.0%
Risk-free rate	2.2% - 2.7%	2.2% - 3.03%
Dividend yield	0.0%	0.0%

We incurred non-cash share-based compensation expense of $0.6 million and $1.4 million during the years ended December 31, 2016 and 2017, respectively. We expect to continue to grant share option awards in the future, and to the extent that we do, our actual share-based compensation expenses recognized are likely to increase.

Determination of the Fair Value of Stock-Based Compensation Grants

The following table summarizes by grant date the number of ordinary shares subject to share option awards granted between January 1, 2016 and December 31, 2017, as well as the associated per-ordinary share exercise price of the award, the estimated fair value per ordinary share on the grant date and the aggregate grant date fair value:

Option Grant Date	Number of Ordinary Shares Underlying Options Granted	Estimated Fair Value Per Ordinary Share at Grant Date	Exercise Price Per Ordinary Share	Aggregate Grant Date Fair Value[(1)]
April 5, 2016	264,000	$ 0.37	$ 0.37	$ 81,890
August 24, 2016	120,845	$ 0.37	$ 0.37	$ 43,927
December 21, 2016	640,000	$ 0.47	$ 0.47	$ 232,202
March 8, 2017	191,000	$ 0.49	$ 0.49	$ 65,629
May 25, 2017	470,000	$ 0.50	$ 0.50	$ 168,990
June 1, 2017	1,654,586	$ 0.49	$ 0.49	$ 215,030
August 5, 2017	47,000	$ 0.52	$ 1.11	$ 20,900
November 2, 2017	4,557,500	$ 1.19	$ 0.92	$ 5,365,816

(1) Aggregate grant date fair value was determined using the Black-Scholes-Merton option pricing model.

Based upon the assumed initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, the intrinsic value of the awards outstanding as of December 31, 2017 was $ million, of which $ million related to vested options and $ million related to unvested options.

Valuation of Our Ordinary Shares

The fair value of the ordinary shares underlying our option awards was determined by our board of directors, with input from management. We believe that our board of directors has the relevant experience and expertise to determine the fair value of our ordinary share as of each respective grant date. The valuations of our ordinary shares were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, or the AICPA

Practice Aid. The assumptions used in the valuation model are based on future expectations combined with management judgment. Our board of directors, with input from management, exercised significant judgment and considered numerous objective and subjective factors to determine the fair value of our ordinary shares as of the date of each option grant, including the following factors:

- independent valuations performed at periodic intervals by independent third-party valuation specialist;
- our current business projections;
- our stage of development;
- the prices, rights, preferences and privileges of our convertible preferred shares;
- current business conditions;
- the likelihood of a liquidity event for the ordinary shares underlying these options, such as an initial public offering or sale of our company, given prevailing market conditions;
- any adjustments necessary due to the lack of marketability of our ordinary shares;
- the purchase of our preferred shares by third party investors in arms-length transactions; and
- the market performance of comparable publicly traded companies.

In the event of a qualified initial public offering, our preferred shares would convert into ordinary shares on a one-to-one basis, and accordingly would receive the same amount of proceeds per share as ordinary shares. In the case of a sale or liquidation of the Company, the preferred shares would receive their liquidation preferences and thereafter a fraction in the remaining proceeds with the ordinary shares on a pro-rata basis. Accordingly, we determined the fair value of our ordinary shares under two scenarios and then applied a weighted average of these values based on their relative probabilities in order to calculate the final per share value.

- First, we determined value in an exit scenario due to a liquidity event, such as an initial public offering using the market approach and based on discussions with investment banks. In this scenario, all preferred shares, warrants to purchase Series A preferred shares and options to purchase our ordinary shares convert into, or are deemed to be exercised for, ordinary shares. The firm value is divided by the resulting number of shares to determine a per share value.
- Second, we determined value using the Probability Weighted Excepted Return Method, or PWERM. The PWERM is a scenario-based methodology that estimates the fair value of our ordinary shares based upon an analysis of future values for our company, assuming various outcomes. The ordinary share value is based on the probability-weighted present value of expected future investment returns considering each of the possible outcomes available, as well as the rights of each class of our outstanding capital stock. The weighted average enterprise value is then calculated by applying the unleveraged discounted cash flow approach. We believe that this is the most appropriate valuation method as it theoretically captures various future possible outcomes, including an initial public offering.

We then allocated the value between all elements of our securities (preferred shares, ordinary shares, warrants for preferred shares and options for ordinary shares) using the OPM, on the assumption that our preferred shares will benefit from their liquidation preference, as follows:

- Under the OPM, preferred and ordinary shares are treated as a series of call options, with the preferred shares having an exercise price based on the liquidation preference of the respective preferred share. The OPM operates through a series of Black — Scholes —

Merton option pricing models, with the strike prices of the options representing the upper and lower bounds of the proceed ranges that a security holder would receive upon a liquidity event. The strike prices occur at break points where the allocation of firm value changes among the various security holders. The ordinary shares are presumed to have value only if funds available for distribution to shareholders exceed the value of the respective liquidation preferences at the time of a liquidity event. The OPM requires an enterprise level input of firm value or a transaction level input of specific security value (typically, a recently issued convertible preferred security) to anchor the allocation of firm value among the various classes of securities.

In making the final determination, we also applied a discount for lack of marketability right, as applicable, to our ordinary shares.

In order to estimate the fair value of our ordinary shares for the option grants made on November 2, 2017, we relied primarily on the $1.59 price per share paid in the third and fourth quarters of 2017 for our Series E preferred stock, given the arm's length nature and due diligence associated with this transaction. In addition, we considered the outlook for an initial public offering in the near-term and our current business projections, as well as the results from the primary efficacy endpoint from our Phase 1b/2 clinical trial of D-PLEX$_{100}$, which we received on November 22, 2017 and considered a significant value-generating event. We then calculated the increase in fair value of our ordinary shares on a linear basis over the fourth quarter of 2017 and applied a discount for lack of marketability of our ordinary shares. Based on this analysis, we derived the fair value of our ordinary shares to be $1.19 per share for these option grants.

Future option awards

Following the completion of our initial public offering and the listing of our shares on The Nasdaq Global Market, the determination of the fair market value of our ordinary shares for purposes of setting the exercise price of future option awards or other share-based compensation to employees and other grantees will be based on the market price of our shares and will no longer require good faith estimates by our board of directors based on various comparisons or benchmarks.

Accounting Treatment of the Convertible Preferred Shares

We classify redeemable convertible preferred shares that are redeemable at the option of the holder as mezzanine equity on the balance sheet. They are not included as a component of shareholders' equity (deficiency). The carrying value of the preferred shares is equal to cost. We did not adjust the carrying value to redemption value since it is not probable that the preferred shares will be redeemed.

Warrants to Purchase Convertible Preferred Shares

Warrants to purchase our convertible preferred shares are classified as a liability on the balance sheet, and measured at fair value, as the underlying shares are contingently redeemable (upon a deemed liquidation event) and, therefore, may obligate us to transfer assets at some point in the future. The warrants are subject to re-measurement to fair value at each balance sheet date and any change in fair value is recognized as a component of financial expenses, net, in the statement of operations.

The fair value of the warrants on the issuance date and on subsequent reporting dates was determined using the OPM. The fair value of the underlying preferred share price was determined by the board of directors considering, among other things, a third party valuation. The Company's enterprise value was determined based on financing transactions with third parties, price indications from bankers and the discounted cash flow model. The OPM method was then employed to

allocate the enterprise value among the various equity classes, deriving a fully marketable value per share for the preferred shares.

Grants and Participation

Royalty-bearing grants from the IIA for funding approved research and development projects are recognized at the time we are entitled to such grants, on the basis of the costs incurred, and are presented as a deduction from research and development expenses. Since the payment of royalties is not probable when the grants are received, we do not record a liability for amounts received from the IIA until the related revenues are recognized. Non-royalty-bearing grants from the IIA MAGNET program and from FP7 for funding approved research and development projects are recognized at the time we are entitled to such grants, on the basis of the costs incurred, and are presented as a deduction from research and development expenses. In the event of failure of a project that was partly financed by the IIA, we would not be obligated to pay any royalties or repay the amounts received.

As of December 31, 2017, we have received royalty-bearing grants totaling $4.7 million. Pursuant to the terms of the grants, we are required to pay royalties to IIA of 3.0% on revenues from sales of products developed financed in whole or in part by IIA, up to a limit of 100% of the grants received, plus annual interest calculated on the 12-month LIBOR rate as published on the first business day of each calendar year.

In addition, we must abide by other restrictions associated with the receipt of such grants under the R&D Law that continue to apply following repayment to IIA. These restrictions may impair our ability to outsource manufacturing or otherwise transfer our knowledge outside of Israel, or engage in change of control transactions, and may require us to obtain IIA approval for certain actions and transactions and pay additional amounts to IIA. In addition, any change of control and any change of ownership of our ordinary shares that would make a non-Israel citizen or resident an "interested party" as defined in the R&D Law requires prior written notice from IIA.

Recent Accounting Pronouncements

See note 2 to our consolidated financial statements beginning on page F-1 of this prospectus for a description of recent accounting pronouncements applicable to our consolidated financial statements.

Qualitative and Quantitative Disclosures about Market Risk

Foreign Currency Exchange Risk

We operate primarily in Israel, and approximately 75% of our expenses are denominated in New Israeli Shekels, or NIS. We are therefore exposed to market risk, which represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. We are subject to fluctuations in foreign currency rates in connection with these arrangements. Changes of 5% and 10% in the U.S. dollar/NIS exchange rate would have increased/decreased operating expenses by approximately 4% and 8%, respectively, during the fiscal year ended on December 31, 2016.

We do not currently hedge our foreign currency exchange rate 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.

Interest Rate Risk

We do not anticipate undertaking any significant long-term borrowings. At present, our investments consist primarily of cash and cash equivalents. We may invest in investment-grade marketable securities with maturities of up to three years, including commercial paper, money market funds, and government/non-government debt securities. The primary objective of our investment activities is to preserve principal while maximizing the income that we receive from our investments without significantly increasing risk and loss. Our investments may be exposed to market risk due to fluctuation in interest rates, which may affect our interest income and the fair market value of our investments, if any.

Inflation-Related Risks

Inflation generally affects us by increasing our NIS-denominated expenses, including labor and rental costs and payment to local suppliers. We do not believe that inflation had a material effect on our business, financial condition or results of operations during the years ended December 31, 2016 and 2017.

JOBS Act Transition Period

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. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not 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 for other public companies.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements under the JOBS Act. Subject to certain conditions, as an emerging growth company, we may rely on certain of these exemptions, including without limitation, (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an emerging growth company until the earlier to occur of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenues of at least $1.07 billion or (c) in which we are deemed to be a "large accelerated filer" under the rules of the U.S. Securities and Exchange Commission, which means the market value of our ordinary shares that is held by non-affiliates exceeds $700.0 million as of the prior June 30th, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

BUSINESS

We are a clinical-stage pharmaceutical company focused on developing and commercializing novel, locally administered therapies using our transformational PLEX (Polymer-Lipid Encapsulation matriX) technology. Our product candidates are designed to address unmet medical needs by pairing PLEX with active pharmaceutical ingredients, or APIs, which are delivered locally at predetermined release rates and durations over periods ranging from days to several months. We believe that our PLEX technology represents a paradigm shift in the treatment of a wide variety of localized medical conditions, including infection, pain, inflammation and cancer. Our initial family of product candidates pairs PLEX with the widely-used, versatile antibiotic doxycycline, which we refer to as the D-PLEX family. Based on results from our clinical trials to date, none of the 103 patients treated in our clinical trials of our D-PLEX product candidates developed an infection after treatment.

We are initially focused on the development of our lead product candidate, D-PLEX$_{100}$, for the management of surgical site infections, or SSIs, in bone and soft tissue. We recently reported interim results from our fully-enrolled Phase 1b/2 clinical trial of D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac surgery. During the three-month period after treatment, we observed no sternal wound infections in any of the patients treated with D-PLEX$_{100}$ and the standard of care. In contrast, we observed a 4.5% infection rate in the control group of patients who received the standard of care alone. According to recent literature, the expected infection rate for patients receiving the standard of care alone is 5% to 8%. We plan to submit an Investigational New Drug, or IND, application for D-PLEX$_{100}$ to the U.S. Food and Drug Administration, or FDA, and a clinical trial application, or CTA, to the European national competent authorities early in the fourth quarter of 2018, and to commence a Phase 3 clinical trial in this indication shortly thereafter. Early in the fourth quarter of 2018, we also plan to commence a Phase 2 clinical trial of D-PLEX$_{100}$ for the prevention of SSIs, to be conducted in patients undergoing abdominal surgery. We intend to seek approval for our product candidates under the Section 505(b)(2) pathway for marketing approval by the FDA in the United States, and the hybrid application pathway in the European Union. We received a designation of Qualified Infectious Disease Product, or QIDP, from the FDA for D-PLEX$_{100}$ for the prevention of sternal infection after cardiac surgery.

Systemic administration of drugs is currently used for the treatment of a wide variety of medical conditions. However, we believe there can be significant disadvantages to systemic administration of drugs for localized conditions, such as the need to use a higher amount of drugs in treatment, prolonged exposure to drugs that may cause side effects (including damage to non-targeted organs), limited efficacy due to poor penetration or access from the bloodstream into the target tissue and challenges related to solubility or sensitivity to blood factors. Localized delivery systems that have been developed to address the problems of systemic administration also have disadvantages, including short release periods and poor control of drug release rates. We believe our PLEX technology has the potential to improve patient outcomes and lower the overall cost of treatment by enabling local, customizable, predetermined and controlled delivery of drugs, thereby addressing many of the shortcomings of systemic administration and existing localized delivery systems.

Our PLEX technology consists of a proprietary matrix of layers of chemically-inert and biodegradable polymers and lipids that physically entrap an API in a protected reservoir, enabling localized, bioavailable drug delivery at customizable, predetermined release rates and durations over periods ranging from days to several months. We believe that these characteristics may enable our PLEX product candidates to be therapeutically effective using only a small fraction of the APIs required in systemic administration of currently marketed therapies. Because PLEX is agnostic to the nature and size of the underlying drug, it has the potential to be paired with a wide variety of currently marketed drugs or product candidates in development, including small molecules,

peptides, antibodies and other proteins, as well as nucleic acid-based APIs, to create novel therapies in a broad range of indications.

We are initially developing product candidates using our PLEX technology for the prevention of SSIs. Infection resulting from surgery and trauma can be fatal and creates a significant public health burden despite the extensive use of systemically administered antibiotics both pre- and post-surgery. SSIs occur in approximately 2% to 5% of patients undergoing inpatient surgery worldwide. The World Health Organization, or the WHO, reports that SSIs account for an estimated $10 billion of incremental hospital costs per year in the United States and €11 billion per year in the European Union. We expect the costs associated with SSIs to continue to grow in the face of the increasing resistance of bacteria to antibiotics, as safety concerns often preclude the increase of systemic dosages and/or treatment duration to address resistance.

Our lead product candidate from this family, D-PLEX$_{100}$, which is being developed to manage bone and soft tissue SSIs, received QIDP designation from the FDA in February 2017 for the prevention of sternal infection after cardiac surgery. We recently announced the results of the primary efficacy endpoint from our fully-enrolled Phase 1b/2 clinical trial of D-PLEX$_{100}$ in 81 patients in this indication, observed at the three month follow-up study period. During the three-month period after treatment, we observed no sternal wound infections in any of the 58 patients treated with D-PLEX$_{100}$ and the standard of care. In contrast, we observed a 4.5% infection rate in the control group of patients who received the standard of care alone. According to recent literature, the expected infection rate for patients receiving the standard of care alone is 5% to 8%. We held an end of Phase 2 meeting with the FDA in the first quarter of 2018 to obtain alignment on our Phase 3 clinical trial design. We plan to submit an IND for D-PLEX$_{100}$ to the FDA and a CTA to the European national competent authorities early in the fourth quarter of 2018, and to commence our Phase 3 clinical trial in sternal SSIs after cardiac surgery shortly thereafter. We also plan to commence a Phase 2 trial of D-PLEX$_{100}$ for the prevention of SSIs, to be conducted in patients undergoing abdominal surgery for the prevention of SSIs early in the fourth quarter of 2018. We plan to seek approval of D-PLEX$_{100}$ under Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act, or the FFDCA, which is administered by the FDA, in the United States, and the comparable hybrid application pathway in the European Union.

We have developed D-PLEX$_{1000}$, which was formerly known as BonyPid-1000 and is another product candidate from the D-PLEX family, for use in connection with orthopedic surgeries for the prevention of SSIs and support of bone recovery. Often, bone will not heal in the presence of infection. We have completed enrollment of a clinical trial in 51 patients evaluating the safety and effectiveness of D-PLEX$_{1000}$ for the treatment of open tibia fractures. Based on results from our pre-pivotal and pilot clinical trials of D-PLEX$_{1000}$ to date, none of the 32 patients treated with D-PLEX$_{1000}$ developed infections in the target fracture. In a retrospective analysis of the medical records of 49 patients treated for similar open long bone fractures with the standard of care at the same clinical trial sites where we conducted our D-PLEX$_{1000}$ clinical trials, we found a target fracture infection rate of up to 25%. We have announced interim results that indicated statistically significant reductions in self-assessments of pain using the Visual Analogue Scale twelve weeks after surgery. We expect to report the full results of this trial in the second half of 2018. We do not currently plan to pursue further independent development of D-PLEX$_{1000}$, as we believe the orthopedic SSI market can be adequately addressed by D-PLEX$_{100}$.

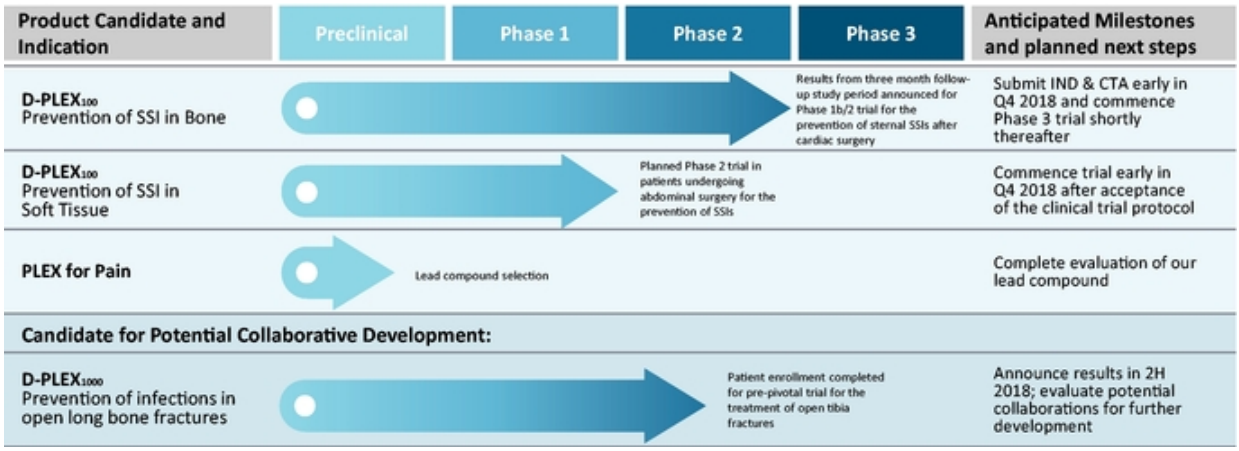
Our PLEX platform technology may have broad applications for localized medical conditions other than the prevention of SSIs. We are pursuing research and development programs for our PLEX platform in a variety of potential indications, including for the treatment of SSIs, pain, inflammation and cancer. We are in discussions with global biopharmaceutical companies to license our PLEX platform for use with various biologics and small molecules.

We are constructing our pilot manufacturing facility, which is intended to comply with the FDA's current good manufacturing practice, or cGMP, regulations, and European Medicines Agency, or EMA, regulations, in Israel to enhance supply chain control, increase supply capacity and meet clinical demand for our planned clinical trials and initial commercial demand in the event that D-PLEX$_{100}$ receives marketing approval. We also intend to build a larger-scale cGMP manufacturing facility in Israel in the future.

We have an experienced management team with an average of 14 years of experience in life sciences companies. Members of our board of directors also have extensive experience in the life sciences industry. We believe that our leadership team is well positioned to lead us through clinical development, regulatory approval and commercialization of our product candidates.

Product Candidate Pipeline

Our PLEX product candidate pipeline is set forth below:



Growth Strategy

Our goal is to leverage our PLEX technology to develop and commercialize a pipeline of transformative therapies for the local delivery of drugs to address unmet medical needs. The key elements of our strategy are as follows:

- ***Complete clinical development of and seek approval for D-PLEX$_{100}$ for the management of bone and soft tissue SSIs in the United States and the European Union.*** We recently announced the results of the primary efficacy endpoint from our Phase 1b/2 clinical trial of D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac surgery. We plan to submit an IND for D-PLEX$_{100}$ to the FDA and a CTA to the European national competent authorities early in the fourth quarter of 2018, and to commence a Phase 3 clinical trial in this indication shortly thereafter. We also plan to commence early in the fourth quarter of 2018 a Phase 2 clinical trial in patients undergoing abdominal surgery for the prevention of SSIs. We are planning to pursue a broad label for D-PLEX$_{100}$ for the management of SSIs depending on the results of these trials and further discussions with the FDA regarding this strategy. We may also seek regulatory approval of our product candidates outside of the United States and the European Union.

- ***Pursue expedited and fast track regulatory pathways for the approval and commercialization of our product candidates in the United States and the European Union.*** We intend to pursue expedited pathways to approval for our portfolio of product candidates. PLEX is paired with an unmodified drug with established clinical safety, efficacy

and tolerability, and the polymers and lipids that we use in PLEX have been used in other medical products that have been approved by the FDA and/or the EMA. Accordingly, we believe that we can pursue expedited clinical development and make regulatory submissions that allow us to rely in part on previous findings of safety and efficacy for the active ingredient, including the Section 505(b)(2) approval pathway in the United States and the comparable regulatory pathway in the European Union, as compared to the development of traditional new molecular entities. Further, D-PLEX$_{100}$ has received QIDP designation from the FDA for the prevention of sternal infections after cardiac surgery, which we anticipate will provide an overall increased level of communication with the FDA during the development process as it is eligible for fast track designation upon request and priority review once we submit a New Drug Application, or NDA.

- ***Leverage our PLEX technology to expand our product pipeline for the treatment of SSIs and the management of pain and for additional indications.*** In addition to the development of D-PLEX$_{100}$ for the prevention of SSIs, we intend to evaluate PLEX for the treatment of SSIs. We are also currently developing PLEX for the management of chronic or post-surgical pain. PLEX may have broad applications for other localized problems, including the treatment of inflammation and cancer. We intend to maximize the commercial potential of PLEX by exploring these additional indications, either independently or through collaborations with other biopharmaceutical companies.

- ***Evaluate and selectively pursue collaborations around our PLEX technology with leading biopharmaceutical companies.*** Many leading biopharmaceutical companies have currently marketed drugs or product candidates in development that are not viable for systemic administration due to instability, toxicity and cost. We believe that our PLEX technology can be paired with a wide variety of drugs or drug candidates, including small molecules, peptides, antibodies and nucleic acids, to address these limitations and potentially extend the drug's life cycle before and after patent expiration for the underlying drug.

- ***Independently commercialize in the United States and seek partners to commercialize outside of the United States.*** We intend to commercialize our product candidates independently in the United States using a targeted and capital efficient sales force. Outside of the United States, we intend to utilize partners for the commercialization of our product candidates.

- ***Establish our fully-integrated, cGMP-compliant manufacturing facility.*** We are in the process of establishing our pilot cGMP-compliant manufacturing facility in Israel to maintain supply chain control, increase supply capacity and meet clinical demand for our planned clinical trials. In the event that D-PLEX$_{100}$ receives marketing approval, we believe that the pilot facility will meet initial commercial demand. We also intend to build a larger commercial-scale cGMP-compliant manufacturing facility in Israel in the future.

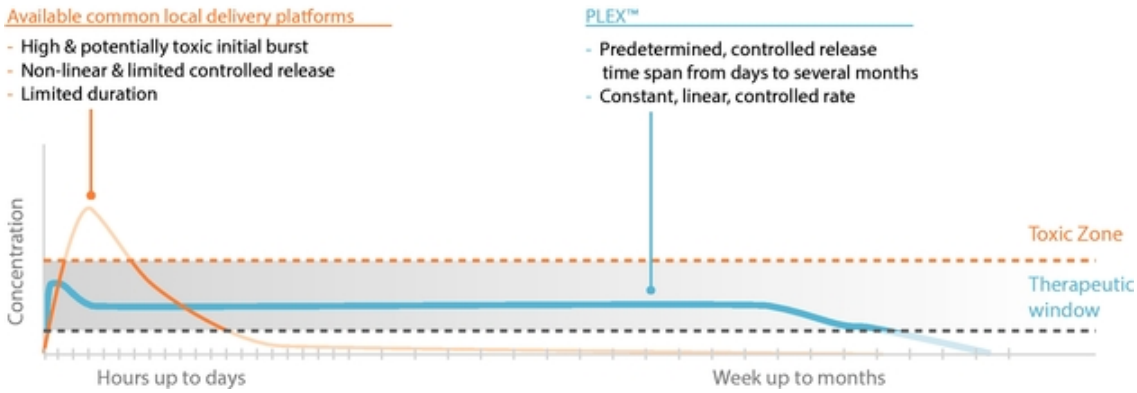
- ***Expand our intellectual property position.*** We own numerous issued composition of matter and utility patents and pending patent applications that relate to our technology. As of December 31, 2017, we owned 55 issued patents, and we had 49 pending patent applications in the United States, the European Patent Office, Canada, Australia, China, Japan, Israel, Brazil, the Eurasian Patent Organization, India, Mexico, New Zealand, the Philippines, Singapore, South Africa, South Korea and Thailand. Our issued patents expire between 2029 and 2033. We intend to continue to expand our intellectual property portfolio as we develop PLEX for other indications.

Limitations of Systemically Administered Drugs and Current Localized Delivery Systems

The systemic administration of drugs may have significant disadvantages for the treatment of localized problems, including limited efficacy due to poor penetration from the blood stream into the needed organ or other target tissues, challenges related to solubility or sensitivity to blood factors and prolonged exposure to drugs that may cause damage to non-targeted organs. Further, the increasing resistance of bacteria to antibiotics poses a major public health threat, and safety concerns often limit or preclude the increase of dosages and/or treatment duration to address resistance.

Localized delivery of medications for localized problems can have advantages over systemic administration because it can reduce the risk of overall toxicity and adverse side effects, enable a lower amount of drug to be used in the treatment and potentially increase patient compliance. In order to address the limitations of systemic administration to treat localized medical conditions, an effective localized drug delivery system must be able to deliver the selected drug to the target site, ensure the appropriate drug concentration at the needed site and release the active drug over the entire desired treatment period.

Comparative duration of PLEX vs. available common local delivery platforms



Existing localized treatments, including extended release formulations based on polymer-, lipid- and liposomal-based technologies, generally suffer from one or more of the following limitations:

- ***Short release periods.*** An effective regimen to manage infections typically needs to span several weeks due to the persistence of bacteria; most local delivery systems, however, are able to generate local concentrations that are effective for only several days.

- ***Controllability of drug release rates.*** For a localized delivery system to be effective, it must deliver a non-toxic but adequate and constant dosage to the target site throughout the release period. Current systems based only on polymers or only on lipids have limited ability to control drug release rates. In addition, these systems release the drug with an initial high burst, followed by fast decline, which is both less effective than a steadier delivery and may cause safety issues.

- ***Susceptibility to drug reservoir degradation.*** Some drugs need to be isolated from body fluids to prevent rapid degradation. In order to effectively administer such drugs locally over prolonged periods, the implanted drug reservoir needs to be protected until released, ideally in an unhydrated form. We are not aware of any localized drug delivery systems in the market that can protect drugs from hydration inside the body over prolonged periods, and subsequently release them in their active forms.

- ***Susceptibility to drug reservoir migration.*** Drug reservoirs are more effective when anchored at the treatment site and unable to migrate after application. Many localized delivery systems are susceptible to migration away from the treatment site after application.

- ***Potential chemical modifications to underlying drug.*** Some of the currently developed localized delivery systems modify or form chemical bonds with the underlying drug, which may modify its mechanism of action, impede the regulatory process for approval and make development longer and more expensive.

- ***Limited in applicability to different drug types.*** Many localized delivery systems are suited only to a particular drug or class of drugs, and are therefore limited in clinical scope.

- ***Difficult to use.*** Some localized delivery systems require extensive training in their application and are difficult to use. Improper use can adversely affect therapeutic benefit and physician acceptance of the product.

- ***Manufacturing complexity and cost.*** Some localized delivery systems utilize inputs and technologies that are costly or have suboptimal yields, which makes the end product more expensive and limits the system to niche or very high value applications.

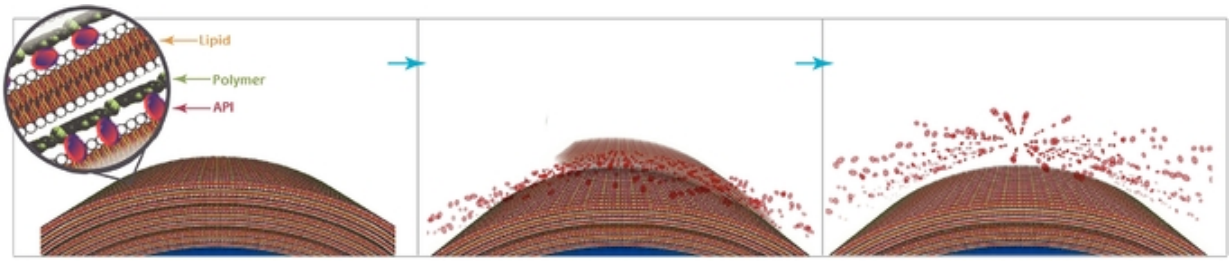
These disadvantages are particularly problematic for the management of infections, where the controlled and prolonged delivery of a drug may be more effective in managing infection than an initial high burst of drug over a shorter duration. While we believe that localized drug delivery systems are well suited to the management of SSIs, particularly in bone and soft tissue, it is important for these systems to overcome these limitations in order to change the treatment paradigm for infection management.

These limitations are particularly acute in the case of resistant bacteria. The inability to generate a high localized concentration of drug for an extended period of time limits the drug delivery systems' effectiveness in treating antibiotic-resistant infections.

Our Solution: PLEX Technology

Our PLEX technology consists of a proprietary matrix of several thousand alternating layers of chemically-inert and biodegradable polymers and lipids, which self assemble to physically entrap an API in a protected reservoir, designed to enable localized, bioavailable drug delivery at customizable, predetermined release rates and durations directly at the target site over periods ranging from days to several months. For example, our D-PLEX family of product candidates consists of thousands of layers of polymers and lipids. Drugs captured between the PLEX matrix are intended to be released over time in customizable, predetermined amounts by the gradual disintegration of the layers, from the outer layer to the inner layers, while protecting the inner drug from hydration and enzymes that would otherwise degrade the API. Natural hydration in the body triggers release of the drug in an unmodified active form similar to direct administration.

Predetermined release of API by gradual disintegration of the outer lipid and polymer layers



Our PLEX technology is designed to overcome the limitations of both systemic administration and current localized delivery systems. We believe PLEX has a number of key design benefits:

- ***Constant drug release rate over prolonged periods.*** PLEX enables the pre-designed constant drug release over a customizable, predetermined period to accomplish the drug's therapeutic purpose. The release rate and period can be customized to range from a few days to several months based on the number of layers and the disintegration rate of the layers.

- ***Access to tissues that are difficult to treat through systemic administration.*** An application of our PLEX product candidates may provide long lasting treatment even in tissues that are not easily accessible to systemic or topical treatment, such as surgical sites or tissues with limited or interrupted blood supply, or where systemic administration may be limited due to toxicity.

- ***Anchored to the treatment site.*** PLEX physically encapsulates an API in a manner that anchors it to a location and allows for administration where the drug is needed during the desired period. Our PLEX product candidates have not been observed to migrate once applied to the treatment site.

- ***Potential for improved drug safety profile.*** Our PLEX product candidates use a fraction of the APIs required in systemic administration of currently marketed therapies, and these APIs are physically encapsulated in an effort to minimize systemic exposure to body fluids and prevent early degradation. Through controlled release, PLEX is designed to generate concentrations of the API that are therapeutically effective but not toxic.

- ***No chemical modification required to the encapsulated API.*** PLEX encapsulation does not require any chemical changes to the API, which we believe will streamline our development process by allowing us to rely in part on preexisting studies of safety and efficacy and maintain the already proven mechanism of action of the underlying drug.

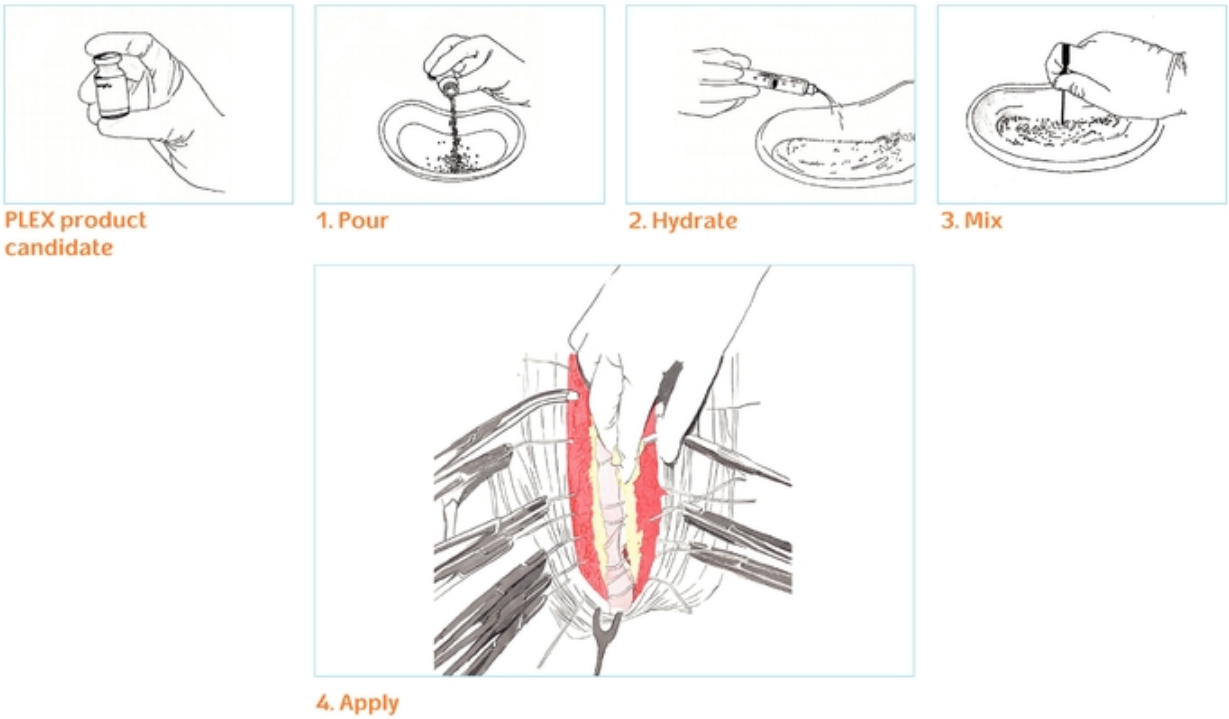
- ***Biodegradable.*** The PLEX matrix gradually disintegrates in the body, eliminating the need for additional medical procedures to remove the drug reservoir once depleted.

- ***Broad potential applicability.*** Because PLEX is agnostic to the nature and size of the underlying drug, and no chemical bonds develop between the encapsulated drug and the PLEX components, we believe PLEX can be used for the improvement of a wide variety of drug types, including small molecules, peptides, antibodies and other proteins and nucleic acids.

- ***Efficient manufacturing process.*** Our product candidates are manufactured using a scalable process with well-defined, robust unit operations. This highly specialized and precisely controlled manufacturing process enables us to manufacture product candidates reproducibly and efficiently for clinical and commercial applications.

- ***Easy to use.*** Our D-PLEX family of product candidates are supplied as a sterile powder that can be administered locally as a powder or paste during surgery directly to a variety of tissues and solid organs, as illustrated below.

Preparation and use of D-PLEX$_{100}$ in open heart surgery



Our Initial Family of Product Candidates: D-PLEX

We are developing a family of product candidates for the management of SSIs consisting of PLEX paired with doxycycline, a widely-used, FDA-approved antibiotic, which we refer to as our D-PLEX family. Our D-PLEX family of product candidates are secure antibiotic drug reservoirs that use our PLEX technology to physically encapsulate doxycycline and release it at the local target site at predetermined rates and durations, and are designed to provide localized and prolonged infection management after surgery. The PLEX matrix in this family consists of thousands of layers of polymers and lipids that are designed to mediate the release of doxycycline for up to four weeks. The product candidates in this family are each based on the same specific PLEX formulation and are designed to be used with doxycycline. Our product candidates are supplied as sterile powders and may be administered locally as a powder or paste during surgery to a variety of tissues and solid organs. Based on results from our clinical trials to date, none of the 103 patients treated in our clinical trials of our D-PLEX product candidates developed an infection after treatment.

Surgical Site Infections

Hospital acquired infections, or HAIs, are infections that patients acquire when receiving medical treatment in a healthcare facility. According to the WHO, HAIs are the most frequent adverse event affecting patient safety worldwide. SSIs are the second most common HAI in both the United States and the European Union and occur in approximately 2% to 5% of patients undergoing inpatient surgery worldwide. However, these figures are likely underestimated because approximately 50% of SSIs become evident only after a patient has been discharged. The incidence and morbidity of SSIs differ based on the surgical procedure performed and patient risk factors, and the extent of the infection depends on the nature of the surgery.

According to the WHO, SSIs account for an estimated $10 billion of incremental hospital costs per year in the United States and €11 billion per year in the European Union. Directly attributable costs of SSIs range from approximately $11,000 to $26,000 per infection. In more complex infections involving a prosthetic joint or an antimicrobial-resistant organism, the costs per case can exceed $90,000. SSIs are associated with approximately seven to 11 additional post-operative hospital days, and patients with an SSI have a two to 11 times increased risk of death compared to infection-free patients. The Centers for Disease Control, or the CDC, estimates that the financial costs of treating SSIs will continue to increase, both because more surgeries are being performed and surgical patients present with increasingly complex comorbidities. Moreover, the United States, the Centers for Medicare and Medicaid Services, or CMS, track SSI rates and are increasingly using these statistics to deny reimbursement claims for certain SSIs or reduce total annual CMS payments for hospitals that CMS deems to not meet certain quality metrics for the prevention of infection. CMS also publishes the SSI incidence rate for hospitals, and therefore hospitals have economic and reputational, in addition to human, incentives to prevent SSIs.

SSIs can affect any post-operative patient, but obese patients, diabetics, smokers, patients older than 60 and patients undergoing longer duration surgeries are considered at high risk to develop SSIs. Despite the high incidence of SSIs, a large proportion of SSIs are estimated to be preventable with the use of evidence-based measures. However, the prevention of SSIs is complex and requires the implementation of a range of safety measures before, during and after surgery. Most significantly, the WHO, CDC and other health organizations recommend the almost universal systemic and/or topical administration of antibiotics and antiseptic measures prior to surgery to help prevent SSIs. These antibiotics are administered systemically, in large quantities and over a short period, often with adverse side effects and limited efficacy.

Market Opportunity

We are initially focused on the use of D-PLEX$_{100}$ to manage SSIs in bone and soft tissues, where we believe there is a high unmet need, which is particularly acute in high-risk patients.

SSIs in Bone Surgeries

In our bone surgery addressable market opportunity, we include cardiac surgeries and orthopedic surgeries, which includes joint replacements and surgeries, spine surgeries and bone-related trauma surgeries.

SSIs occur in 5% to 8% of cardiac surgeries but carry a mortality rate of up to 40% for deep sternal wound infections, which are more difficult to treat than superficial infections. Deep sternal wound SSIs are associated with an average of 35 post-operative hospital days, compared with a mean of 11 days for infection-free patients. The cost of care for a patient that develops a deep sternal wound SSI can be as much as three times greater than the cost of care for an infection-free patient.

SSIs occur in 0.5% to 4.0% of orthopedic surgeries. Orthopedic SSIs are difficult to treat and associated with lifelong infection recurrence risks of 10% to 20%, particularly in the case of methicillin-resistant *Staphylococcus aureus*, or MRSA, infections. Further, often bone will not heal in the presence of infection, which can result in disabling complications, including amputation. Orthopedic SSIs have been estimated to prolong total hospital stays by a median of two weeks per patient, approximately double readmission rates and increase healthcare costs by more than 300% compared to infection-free patients.

SSIs in Soft Tissue Surgeries

In our soft tissue surgery addressable market opportunity, we include general surgeries, including intestine and bowel surgeries and selected ear, nose and throat surgeries, gynecological and urologic surgeries. SSIs are one of the most frequent complications in open abdominal surgeries, and they represent a significant cause of mortality and morbidity. SSIs occur in approximately 5% to 30% of soft tissue surgeries, including approximately 10% to 15% of abdominal surgeries, which represent the majority of the "General Surgeries" below, approximately 15% to 30% of colorectal surgeries, up to nearly 4% of Cesarean sections and up to 4% of hysterectomies. Patients undergoing colorectal surgeries are at particularly high risk of developing SSIs because the colon and rectal tracts contain more bacteria that are exposed during surgery. Abdominal SSIs are associated with an average of 18 additional post-operative hospital days.

The tables below provide the estimated sizes of our addressable market opportunity in these categories in the United States and the EU-5, which, for purposes of the following data, includes France, Germany, Italy, Spain and the United Kingdom, based on the number of procedures performed in 2015, according to a study we commissioned from Life Science Intelligence, Inc.:

Bone Surgeries

	Number of Surgeries
Cardiac Surgeries	
United States	889,000
EU-5	320,000
Orthopedic Surgeries	
United States	4,148,000
EU-5	2,590,000
Total	**7,947,000**

Soft Tissue Surgeries

	Number of Surgeries
General Surgeries	
United States	7,182,000
EU-5	3,290,000
Gynecological and Urologic Surgeries	
United States	2,942,000
EU-5	1,817,000
Aesthetic Surgeries	
United States	608,000
EU-5	319,000
Total	**16,158,000**

We believe that D-PLEX$_{100}$ will be used at a significantly higher rate in high-risk patients, whom we estimate to comprise approximately one-third of the total surgical patient population.

Benefits of Doxycycline

Doxycycline can be used against a variety of organisms and in a variety of settings, including for both identified and unknown bacteria.

Doxycycline has the following advantages over other antibiotics:

- broad spectrum of activity against both gram-positive and gram-negative bacteria;

- highly effective against *Staphylococcus aureus*, the most common bacteria associated with SSIs;
- potent against MRSA and community-associated MRSA strains, often with a relatively low minimal inhibitory concentration;
- low rate of resistant pathogens as compared to other antibiotics;
- good tissue and cell penetration; and
- established clinical history of safe prolonged administration.

Our D-PLEX product candidates are designed to release doxycycline locally to the surgical site at predetermined release rates and durations for up to four weeks, longer than any existing antibiotic delivery system, which we believe is highly effective and safer than systemic treatment for infection management.

We believe that, by combining doxycycline with our proprietary PLEX technology, D-PLEX$_{100}$ has the potential to overcome the limitations of other available treatments and deliver significant advantages in the management of SSIs, including:

- localized delivery of an antibiotic at therapeutically effective concentrations for up to four weeks;
- applicability to a wide range of bacteria in a variety of settings, including MRSA and community-associated MRSA;
- increased penetration and access to the infection site;
- reduced risk of overall toxicity and adverse side effects due to minimization of systemic exposure and significant decrease of total drug volume delivered;
- simplicity of administration during surgery; and
- biodegradability; and
- reduction of patient compliance concerns.

D-PLEX$_{100}$ may have multiple positive impacts on the treatment paradigm for infection management. For example, we have observed in our clinical studies that surgeons applying D-Plex$_{1000}$ directly to the contaminated or infected open long bone fracture at the first surgery can avoid repeated surgical intervention for treating a potential infection. Further, in the case of resistant bacteria, D-PLEX$_{100}$ has the potential to overcome resistant bacteria through the creation of the required local concentration at the target site, which would not be feasible using systemic antibiotic treatment regimens.

D-PLEX$_{100}$: Our Lead Product Candidate for the Management of SSIs

We are developing D-PLEX$_{100}$ for the management of SSIs in bone and soft tissue. D-PLEX$_{100}$ received QIDP designation from the FDA under the Generating Antibiotic Incentives Now, or GAIN, Act in February 2017 for the prevention of sternal infections after cardiac surgery. We plan to seek approval of D-PLEX$_{100}$ under Section 505(b)(2) of the FFDCA in the United States and the comparable regulatory pathway in the European Union. We plan to submit an IND for D-PLEX$_{100}$ to the FDA and a CTA to the European national competent authorities early in the fourth quarter of 2018, and to initiate a Phase 3 clinical trial in sternal SSIs after cardiac surgery shortly thereafter. We also plan to commence early in the fourth quarter of 2018 a Phase 2 clinical trial in Israel in patients undergoing abdominal surgery for the prevention of SSIs.

In our pre-IND meeting in August 2017, the FDA indicated alignment on key aspects of our chemistry, manufacturing and control, or CMC, development plan of D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac surgery, including their recommendation that we can use the proposed cGMP production process at our third-party manufacturing facility for our planned Phase 3 clinical trial. The FDA also generally accepted our proposed product specification for D-PLEX$_{100}$ and the raw materials we use to produce D-PLEX$_{100}$ for our planned IND, as well as our stability plan and the stability data we intend to submit for our planned IND.

In March 2017, the EMA issued a final scientific advice letter indicating alignment with our clinical and CMC development plan for D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac surgery for purposes of seeking Marketing Authorization Approval in the European Union.

Clinical Development of D-PLEX$_{100}$

Phase 1b/2 Clinical Trial for the Prevention of Sternal SSIs After Cardiac Surgery

In October 2016, we initiated a two-part Phase 1b/2 clinical trial of D-PLEX$_{100}$ for the prevention of sternal SSIs after cardiac surgery in 80 patients undergoing cardiac surgery through mid-sternotomy, with no high-risk enrichment. On August 16, 2017, we completed enrollment of this trial. We are conducting this trial at four sites in Israel.

The first part of the trial was an open label, single arm study of 20 patients who received D-PLEX$_{100}$ concomitantly with the standard of care, which generally consists of a prophylactic systemic antibiotic. Based on feedback from the FDA, the second part of the trial was designed as a randomized and single blinded study of 60 patients divided in a two-to-one ratio between treatment and control arms. One arm received D-PLEX$_{100}$ concomitantly with the standard of care, and the second arm received the standard of care only. Dosing occurred during surgery, and patient follow-up continues for six months after treatment. The primary endpoint of this trial is the decrease of SSI rate as measured by the proportion of patients with at least one SSI within 90 days after cardiac surgery. An independent, blinded adjudication committee reviews all patients with infection as identified by the principal investigator. The study also follows the patients' safety for six months after surgery.

We recently announced the results of the primary efficacy endpoint from this trial observed at the three-month follow-up study period. During the three-month period after treatment, we observed no sternal wound infections in any of the patients treated with D-PLEX$_{100}$ and the standard of care. In contrast, we observed a 4.5% infection rate in the control group of patients who received the standard of care alone. According to recent literature, the expected infection rate for patients receiving the standard of care alone is 5% to 8%. Patients in the D-PLEX$_{100}$ and standard of care arm had similar superficial SSI and/or significant wound secretion rates in non-treated harvesting sites as the patients in the standard of care only arm.

During the three month follow-up period, we also observed a 62% reduction in the number of patients with sternal wound discharge, as well as a 63% reduction in the duration of such discharge events, each as compared to the control group of patients who received the standard of care alone. Moreover, in patients treated with D-PLEX$_{100}$ and the standard of care, we observed reductions in re-hospitalization rates of 25%, re-hospitalization durations of 27% and overall re-hospitalization days of 44%, each as compared to the rates for the control group of patients who received the standard of care alone.

Planned Phase 3 Clinical Trial for the Prevention of Sternal SSIs After Cardiac Surgery

We held an end of Phase 2 meeting with the FDA in the first quarter of 2018 to obtain alignment on our Phase 3 clinical trial plan and regulatory approval pathway for D-PLEX$_{100}$ for the

prevention of sternal SSIs after cardiac surgery. Subject to the results from our Phase 1b/2 clinical trial, we plan to submit an IND for D-PLEX$_{100}$ to the FDA and a CTA to the European national competent authorities early in the fourth quarter of 2018, and commence a Phase 3 clinical trial in this indication shortly thereafter.

Planned Phase 2 Clinical Trial in Patients Undergoing Abdominal Surgery for the Prevention of SSIs

We plan to commence a Phase 2 clinical trial in patients undergoing abdominal surgery for the prevention of SSIs early in the fourth quarter of 2018 in Israel. We recently submitted the clinical trial protocol for review by the Israeli Ministry of Health and the clinical sites' local ethics committees.

Non-Clinical Studies

We believe that the results of our non-clinical studies will be sufficient to support an IND and CTA for D-PLEX$_{100}$ for the prevention of sternal infections after cardiac surgery. In a rabbit sternal wound MRSA model, we observed that a single application of D-PLEX$_{100}$ substantially reduced bacterial content and histopathological evidence of MRSA infection in the sternal wound. In a rat intramuscular SSI model, we observed that a single application of D-PLEX$_{100}$ reduced bacterial proliferation and infection as detected in macroscopic observations, microbiological assay and histopathological evidence of infection in the wound. We have also conducted *in vitro* and *in vivo* pharmacokinetics, safety and toxicology studies, in which we observed D-PLEX$_{100}$'s ability to release doxycycline over a prolonged period and that D-PLEX$_{100}$ was generally well-tolerated.

D-PLEX$_{100}$: Potential Ability to Treat and Prevent Antibiotic-Resistant Bacteria-Related Infections

Antibiotic resistance generally takes the form of relative resistance, wherein the indicated concentrations of API from systemic delivery are no longer effective, and the required concentration of API cannot be delivered safely via systemic administration. Because PLEX is designed to enable the prolonged exposure of a high localized concentration of doxycycline directly to the target site, we believe that D-PLEX$_{100}$ may be effective in treating and preventing bacterial infections that are otherwise resistant to antibiotics. In a rabbit sternal wound MRSA model, we observed that a single application of D-PLEX$_{100}$ substantially reduced bacterial content and histopathological evidence of MRSA infection in the sternal wound. Further, we have observed evidence suggesting the effectiveness of D-PLEX$_{1000}$ in two investigator-initiated compassionate use cases of osteomyelitis patients identified with bacterial infections, including MRSA, who were not responding to intensive conventional antibiotic treatments and other conventional treatments. After a single application of D-PLEX$_{1000}$, the infection was eradicated and full bone healing resulted in both patients. D-PLEX$_{100}$ received QIDP designation from the FDA for the prevention of sternal infection after cardiac surgery. The QIDP program is designed to expedite the development of novel drugs against important pathogens, including antibiotic-resistant bacteria.

D-PLEX$_{1000}$ for the Management of SSIs and Support of Bone Recovery in Orthopedic Surgeries

We have developed D-PLEX$_{1000}$, formerly known as BonyPid-1000, for use in orthopedic surgeries for the management of SSIs and support of bone recovery. D-PLEX$_{1000}$ incorporates doxycycline and a synthetic bone void filler, comprised of resorbable beta tricalcium phosphate, or b-TCP, granules. Upon implantation in the body, PLEX is designed to release the encapsulated doxycycline in controlled, predetermined amounts for up to four weeks, while the bone filler acts as a scaffold to support osteoconductive bone recovery.

We have completed enrollment of a clinical trial of the safety and effectiveness of D-PLEX$_{1000}$ for the treatment of open tibia fractures. The trial is a randomized and single blinded standard of care-controlled study in four patients with Gustilo I and II open long bone fractures, as well as 47 patients with Gustilo IIIA and IIIB open long bone fractures, a severe clinical condition resulting from a traumatic high energy event where the bone is severely damaged and exposed and, therefore, assumed to be contaminated by environmental bacteria. The Gustilo scale is a common classification for the severity of open fractures often used to guide the treatment regimen. The standard of care generally consists of administration of a systemic antibiotic before and after surgery, as well as irrigation and debridement. This multi-center study is being conducted at six sites in Israel and three in Asia. The objective of the study is to determine the safety and efficacy in bone healing of D-PLEX$_{1000}$ in addition to the standard of care in traumatic open fracture patients over a period of six and 12 months, as compared to the standard of care alone. The primary performance endpoint is radiographic-assessed bone healing, as assessed by the presence of a callus in three out of four cortices, to be measured at the end of a 24-week follow-up period, based on independent blinded central radiographic evaluations of X-rays of the target fracture.

In March 2017, we announced interim results from this trial of the first group of patients to reach the 16-week follow-up period. We observed that in the 12 patients treated with D-PLEX$_{1000}$ in addition to the standard of care, median time from surgery to the initiation of bone healing, as assessed by the presence of a callus in one out of four cortices, was reduced by approximately 31%, as compared to 12 patients in the standard of care only group. Median time from surgery to the primary endpoint, the presence of solid radiographic markers for bone healing, as assessed by the presence of a callus in three out of four cortices, was reduced by 20%, as compared to the standard of care only group. As of March 8, 2017, more than 30% of patients treated with the standard of care alone had not reached the primary endpoint, as compared to approximately 8% of patients treated with D-PLEX$_{1000}$ and the standard of care. Pain-free weight bearing was demonstrated in 63% of patients treated with D-PLEX$_{1000}$ and the standard of care, as compared to none of the patients treated with the standard of care alone. We have announced interim results that indicated statistically significant reductions in self-assessments of pain using the Visual Analogue Scale twelve weeks after surgery. We expect to report the full results of this trial in the second half of 2018. No product-related adverse events were reported.

Pilot Clinical Trials

We conducted two pilot clinical trials that assessed the safety and effectiveness of D-PLEX$_{1000}$ in patients with infected Gustilo IIIA and IIIB open long bone fractures. These trials were both open-label single arm clinical trials of D-PLEX$_{1000}$ in addition to the standard of care. We enrolled 19 patients with open long bone fractures. At the six-month follow up date, no deaths, amputations or other serious adverse product-related events were observed. We did not observe any bone infections at the treatment site in the six months following treatment.

While we do not plan to pursue further independent development of D-PLEX$_{1000}$, as we believe the orthopedic market can be adequately addressed by D-PLEX$_{100}$, we will evaluate potential collaborations to further the development of D-PLEX$_{1000}$.

D-PLEX$_{500}$ for the Treatment of Peri-Implantitis (In Collaboration with MIS)

We are developing D-PLEX$_{500}$, formerly known as BonyPid-500, with our collaborator, MIS Implants Technologies Ltd., a subsidiary of Dentsply Sirona Inc., for use in periodontal and oral/maxillofacial surgeries to treat peri-implantitis, a destructive inflammatory process affecting the soft and bone tissues surrounding dental implants. D-PLEX$_{500}$ incorporates doxycycline and a synthetic bone graft substitute comprised of resorbable b-TCP granules and is designed to fill and

reconstruct bone defects caused by peri-implantitis. We have observed that D-PLEX$_{500}$ gradually reabsorbs and is replaced with bone during the healing process.

In collaboration with MIS, we have completed enrollment of a pilot clinical trial to assess the safety and effectiveness of D-PLEX$_{500}$ for intrabony peri-implantitis defects in 27 patients. The trial is a prospective, randomized, dual arm, open label study. This multi-center study is being conducted at two sites in Israel. The objective of the study is to determine the safety and effectiveness of D-PLEX$_{500}$ in addition to the standard of care in healing intrabony peri-implantitis defects in subjects undergoing surgical treatment of peri-implantitis disease over a period of twelve months. The primary efficacy endpoint of the trial is the change in depth of the periodontal pocket from baseline to six months. We expect to report results from this trial in the second quarter of 2018.

We will pursue further development of D-PLEX$_{500}$ in dental indications only with a collaborator.

Future Clinical Development

Our PLEX platform technology may have broad applications for localized medical conditions other than the prevention of SSIs. We are pursuing research and development programs for our PLEX platform in a variety of potential indications, including for the treatment of SSIs, pain, inflammation and cancer.

PLEX for Pain

Our next application of PLEX is the development of novel therapies for the management of chronic or post-surgical pain. We are currently in preclinical development of a product candidate that pairs PLEX with a widely-used pain API. In our preclinical studies, we have observed periods of reduced pain that are longer than those provided by the standard of care as well as approved local long-acting delivery systems that apply the same widely-used pain API.

PLEX for Other Applications

We are conducting a research and development program that pairs PLEX with a widely-used corticosteroid for the treatment of inflammation. In our preclinical studies, we have observed prolonged reduction of inflammation using a fraction of the API that would otherwise be systemically administered.

We have also conducted a number of research and development programs that paired PLEX with anti-cancer agents, proteins, peptides, nucleic acids and growth factors. We continue to evaluate these research and development programs for potential development by us or in collaboration with leading biopharmaceutical companies.

Competition

The biopharmaceutical industry is intensely competitive and subject to rapid and significant technological change. Our potential competitors include large and experienced companies that enjoy significant competitive advantages over us, such as greater financial, research and development, manufacturing, personnel and marketing resources, greater brand recognition, and more experience and expertise in obtaining marketing approvals from the FDA and foreign regulatory authorities. These companies may develop new drugs to treat the indications that we target, or seek to have existing drugs approved for use for the treatment of the indications that we target.

These potential competitors may therefore introduce competing products without our prior knowledge and without our ability to take preemptive measures in anticipation of their commercial launch. Competition may increase further as a result of advances in the commercial applicability of

technologies and greater availability of capital for investment in this industry. Our competitors may succeed in developing, acquiring or licensing on an exclusive basis products that are more effective, easier to administer or less costly than our product candidates.

The current standard of care for preventing SSIs involves the implementation of a range of safety measures before, during and after surgery, including prophylactic and topical antibiotic administration, antiseptic measures and wound care. We anticipate that D-PLEX$_{100}$ could be used as a complementary, rather than competitive, addition to the current standard of care for the management of SSIs. In addition, we are aware of other approved treatments that can be applied locally during surgery for the prevention of SSIs, including triclosan-coated antiseptic sutures and a resorbable gentamicin-collagen sponge. In orthopedic surgeries, we are aware of approved treatments for localized SSI management that pair bone cement premixed with an antibiotic.

We may also face competition from companies that are developing localized extended release delivery systems, including Pacira Pharmaceuticals, Inc., Flexion Therapeutics, Inc. and Kala Pharmaceuticals, Inc.

MIS Memorandum of Understanding

In February 2013, we entered into a memorandum of understanding with MIS pursuant to which we are entitled to receive certain milestone-based and sales-based compensation payments from MIS related to the development of D-PLEX$_{500}$. We agreed to grant MIS an exclusive right to market a specific dental application of D-PLEX$_{500}$ for a certain period commencing after our receipt of either EMA or FDA marketing approval and the beginning of commercialized sales of D-PLEX$_{500}$ in the applicable market. In the event that the FDA imposes certain additional requirements with respect to our clinical trials on D-PLEX$_{500}$, MIS is not obligated to undertake the expenses related to these additional requirements. We will retain all rights to our existing intellectual property and any intellectual property that we develop relating to D-PLEX$_{500}$ if the agreement is terminated. We are eligible to receive payments of $2.5 million in the aggregate from MIS upon the completion of certain clinical and regulatory milestones, including the receipt of marketing approval for D-PLEX$_{500}$ in the United States and/or the European Union. MIS may terminate the MOU at any time prior to the commercialization of D-PLEX$_{500}$, in which case we would be obligated to return all milestone payments we received under the MOU. As of December 31, 2017, we had received $600,000 in the aggregate in milestone payments from MIS pursuant to the MOU.

Manufacturing

Our product candidates are manufactured using a scalable self-assembly process with well-defined, robust unit operations. This highly specialized and precisely controlled manufacturing process enables us to manufacture product candidates reproducibly and efficiently for clinical and commercial applications. We are constructing a pilot manufacturing facility for the production of our product candidates adjacent to our administrative headquarters in Petach Tikva, Israel. We currently rely on a third party to conduct our product manufacturing and intend to do so, in whole or in part, through at least 2019 when our pilot manufacturing facility is expected to be completed. Our third-party contract manufacturer has advised us that it is in compliance with cGLP and cGMP for the manufacture of drug substance and product. We use additional third-party contract manufacturers for certain raw materials necessary to manufacture our product candidates. We intend to use a portion of the net proceeds of this offering to complete the build-out of this pilot manufacturing facility. We also intend to build a larger-scale cGMP manufacturing facility in Israel in the future, for which we intend to use a portion of the net proceeds of this offering.

Marketing, Sales and Distribution

Given our stage of development, we do not currently have any internal sales, marketing or distribution infrastructure or capabilities. We have recently formed a U.S. subsidiary, PolyPid Inc., to support our U.S. development and potential commercialization efforts.

In the event that we receive regulatory approvals for our products in markets outside of the United States, we intend, where appropriate, to pursue commercialization relationships, including strategic alliances and licensing, with pharmaceutical companies and other strategic partners, which are equipped to market or sell our products through their well-developed sales, marketing and distribution organizations in such countries.

In addition, we may out-license some or all of our worldwide patent rights to more than one party to achieve the fullest development, marketing and distribution of any products we develop.

Intellectual Property

Our patent estate includes patents and patent applications with claims directed to our PLEX, D-PLEX$_{100}$, D-PLEX$_{500}$ and D-PLEX$_{1000}$ product candidates, as well as broader claims for potential future product candidates. On a worldwide basis, our patent estate includes 104 issued patents and pending patent applications for our product candidates as well as for manufacturing processes and methods of treatment, as of December 31, 2017.

Our patents and patent applications mainly relate to a polymer-lipid-based platform for sustained release of an active pharmaceutical agent at a target site such as the site of a surgery. We currently have over thirty issued patents and several pending patent applications worldwide related to compositions for sustained release of an API, including a lipid-saturated matrix formed from a biodegradable polymer, as well as methods for producing such compositions and methods of treatment through the use of such compositions. We also have five issued patents and several pending patent applications worldwide related to compositions for sustained release of an API including a lipid-saturated matrix formed from a non-biodegradable polymer, as well as methods for producing such compositions and methods of treatment through the use of such compositions. We also have seven issued patents and several pending patent applications worldwide related to compositions for sustained release of a nucleic agent including a lipid-saturated matrix formed from a biodegradable polymer, as well as methods for producing such compositions and methods of treatment through the use of such compositions. We also have an issued Australian patent and a pending Indian patent application related to compositions for sustained release of peptidic molecules, as well as methods for producing such compositions and methods of treatment through the use of such compositions. We also have nine issued patents and several pending patent applications worldwide related to methods for treating bone fractures through the use of biocompatible fillers coated with sustained release antibiotic compositions, along with several pending patent applications worldwide related to methods for treating peri-implantitis and surgical site infections through similar processes. Our patent estate includes six granted United States patents as well as granted patents and/or pending patent applications in Australia, Brazil, Canada, China, the Eurasian Patent Organization, the European Patent Office, India, Israel, Japan, Mexico, New Zealand, the Philippines, Singapore, South Africa, South Korea, and Thailand. Our issued patents are expected to remain in effect until at least 2029.

In addition to patents, we have filed for and obtained trademark registration with the United States Patent and Trademark Office, or the USPTO, for "PolyPid" and "BonyPid". Furthermore, we rely upon trade secrets, know-how and continuing technological innovation to develop and maintain our competitive position.

Preparing and filing patent applications is a joint endeavor of our research and development team and our in-house and external patent attorneys. Our patent attorneys conduct patent prior-art

searches and then analyze the data in order to provide our research and development team with recommendations on a routine basis. This results in:

- protecting our product candidates that are under development;
- encouraging pharmaceutical companies to negotiate development agreements with us; and
- preventing competitors from attempting to design-around our inventions.

We initially submit applications to the USPTO as provisional patent applications. Then typically we continue by filing non-provisional patent applications under the Patent Cooperation Treaty, or PCT, which is an international patent law treaty that provides a unified procedure for filing a single initial patent application to later seek patent protection for an invention in any number of the member states of the PCT. Although a PCT application does not itself issue as a patent, it acts as a placeholder allowing the applicant to seek protection in any of the member states through national-phase applications.

Government Regulation

The FDA and comparable regulatory agencies in state and local jurisdictions and in foreign countries impose substantial requirements upon the clinical development, manufacture and marketing of pharmaceutical products. These agencies and other federal, state and local entities regulate research and development activities and the testing, manufacture, quality control, safety, effectiveness, labeling, storage, packaging, recordkeeping, tracking, approval, import, export, distribution, advertising and promotion of our products.

U.S. Government Regulation of Drug Products

In the United States, the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act, or FFDCA, and its implementing regulations. The process of obtaining regulatory approvals and the subsequent compliance with applicable federal, state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval, may subject an applicant to a variety of administrative or judicial sanctions, such as the FDA's refusal to approve pending NDAs, withdrawal of an approval, imposition of a clinical hold, issuance of warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties.

The process required by the FDA before product candidates may be marketed in the United States generally involves the following:

- nonclinical laboratory and animal tests that must be conducted in accordance with good laboratory practices, or GLPs;
- submission of an IND, which must become effective before clinical trials may begin;
- approval by an independent institutional review board, or IRB, for each clinical site or centrally before each trial may be initiated;
- adequate and well-controlled human clinical trials to establish the safety and efficacy of the proposed product candidate for its intended use, performed in accordance with good clinical practices, or GCPs;
- submission to the FDA of an NDA and payment of user fees;
- satisfactory completion of an FDA advisory committee review, if applicable;

- pre-approval inspection of manufacturing facilities and selected clinical investigators for their compliance with current good manufacturing practices, or cGMP, and good clinical practices, or GCPs;
- satisfactory completion of FDA audits of clinical trial sites to assure compliance with GCPs and the integrity of the clinical data;
- FDA approval of an NDA to permit commercial marketing for particular indications for use; and
- compliance with any post-approval requirements, including the potential requirement to implement a Risk Evaluation and Mitigation Strategy, or REMS, and the potential requirement to conduct post-approval studies.

The testing and approval process requires substantial time, effort and financial resources. Preclinical studies include laboratory evaluation of drug substance chemistry, pharmacology, toxicity and drug product formulation, as well as animal studies to assess potential safety and efficacy. Prior to commencing the first clinical trial with a product candidate, we must submit the results of the preclinical tests and preclinical literature, together with manufacturing information, analytical data and any available clinical data or literature, among other things, to the FDA as part of an IND. Some preclinical studies may continue even after the IND is submitted. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, raises safety concerns or questions about the conduct of the clinical trial by imposing a clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. Submission of an IND may not result in FDA authorization to commence a clinical trial.

Clinical trials involve the administration of the investigational new drug to human subjects under the supervision of qualified investigators in accordance with GCP requirements. A separate submission to the existing IND must be made for each successive clinical trial conducted during product development, as well as amendments to previously submitted clinical trials. Further, an independent IRB for each study site proposing to conduct the clinical trial must review and approve the plan for any clinical trial, its informed consent form and other communications to study subjects before the clinical trial commences at that site. The IRB must continue to oversee the clinical trial while it is being conducted, including any changes to the study plans.

Regulatory authorities, an IRB or the sponsor may suspend or discontinue a clinical trial at any time on various grounds, including a finding that the subjects are being exposed to an unacceptable health risk, the clinical trial is not being conducted in accordance with the FDA's or the IRB's requirements, if the drug has been associated with unexpected serious harm to subjects, or based on evolving business objectives or competitive climate. Some studies also include a data safety monitoring board, which receives special access to unblinded data during the clinical trial and may advise us to halt the clinical trial if it determines that there is an unacceptable safety risk for subjects or other grounds, such as no demonstration of efficacy.

In general, for purposes of NDA approval, human clinical trials are typically conducted in three sequential phases that may overlap.

- Phase 1 — Studies are initially conducted to test the product candidate for safety, dosage tolerance, structure-activity relationships, mechanism of action, absorption, metabolism, distribution and excretion in healthy volunteers or subjects with the target disease or condition. If possible, phase 1 trials may also be used to gain an initial indication of product effectiveness.
- Phase 2 — Controlled studies are conducted with groups of subjects with a specified disease or condition to provide enough data to evaluate the preliminary efficacy, optimal

dosages and dosing schedule and expanded evidence of safety. Multiple Phase 2 clinical trials may be conducted to obtain information prior to beginning larger and more expensive Phase 3 clinical trials.

- Phase 3 — These clinical trials are undertaken in larger subject populations to provide statistically significant evidence of clinical efficacy and to further test for safety in an expanded subject population at multiple clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the product and provide an adequate basis for product labeling. These trials may be done globally to support global registrations so long as the global sites are also representative of the U.S. population and the conduct of the study at global sites comports with FDA regulations and guidance, such as compliance with GCPs.

The FDA may require, or companies may pursue, additional clinical trials after a product is approved. These so-called Phase 4 studies may be made a condition to be satisfied after approval. The results of Phase 4 studies can confirm the effectiveness of a product candidate and can provide important safety information.

Clinical trials must be conducted under the supervision of qualified investigators in accordance with GCP requirements, which includes the requirements that all research subjects provide their informed consent in writing for their participation in any clinical trial, and the review and approval of the study by an IRB. Investigators must also provide information to the clinical trial sponsors to allow the sponsors to make specified financial disclosures to the FDA. Clinical trials are conducted under protocols detailing, among other things, the objectives of the trial, the trial procedures, the parameters to be used in monitoring safety and the efficacy criteria to be evaluated and a statistical analysis plan. Information about some clinical trials, including a description of the trial and trial results, must be submitted within specific timeframes to the National Institutes of Health, or NIH, for public dissemination on their ClinicalTrials.gov website.

The manufacture of investigational drugs for the conduct of human clinical trials is subject to cGMP requirements. Investigational drugs and active pharmaceutical ingredients imported into the United States are also subject to regulation by the FDA relating to their labeling and distribution. Further, the export of investigational drug products outside of the United States is subject to regulatory requirements of the receiving country as well as U.S. export requirements under the FFDCA. Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and the IRB and more frequently if SAEs occur.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the product candidate as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, must develop methods for testing the identity, strength, quality and purity of the final product. Additionally, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

Orange Book Listing

In seeking approval for a drug through an NDA, including a 505(b)(2) NDA, applicants are required to list with the FDA patents whose claims cover the applicant's product. Upon approval of an NDA, each of the patents listed in the application for the drug is then published in Approved Drug Products with Therapeutic Equivalence Evaluations, also known as the Orange Book.

Any applicant who files a 505(b)(2) NDA referencing a drug listed in the Orange Book must certify to the FDA (1) that no patent information on the drug product that is the subject of the application has been submitted to the FDA; (2) that such patent has expired; (3) the date on which such patent expires; or (4) that such patent is invalid or will not be infringed upon by the manufacture, use or sale of the drug product for which the application is submitted. This last certification is known as a Paragraph IV certification. Generally, the 505(b)(2) NDA cannot be approved until all listed patents have expired, except where the 505(b)(2) NDA applicant challenges a listed patent through a Paragraph IV certification.

If the applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of the Paragraph IV certification to the holder of the NDA for the reference listed drug and the patent owner once the application has been accepted for filing by the FDA. The applicant may also elect to submit a "section viii" statement certifying that its proposed label does not contain (or carves out) any language regarding the patented method-of-use rather than certify to a listed method-of-use patent. The NDA holder or patent owner may then initiate a patent infringement lawsuit in response to the notice of the Paragraph IV certification. The filing of a patent infringement lawsuit within 45 days of the receipt of a Paragraph IV certification prevents the FDA from approving the application until the earlier of 30 months from the date of the lawsuit, expiration of the patent, settlement of the lawsuit, a decision in the infringement case that is favorable to the applicant or such shorter or longer period as may be ordered by a court. This prohibition is generally referred to as the 30-month stay. In instances where a 505(b)(2) NDA applicant files a Paragraph IV certification, the NDA holder or patent owner regularly take action to trigger the 30-month stay, recognizing that the related patent litigation may take many months or years to resolve. Thus, approval of a 505(b)(2) NDA could be delayed for a significant period of time depending on the patent certification the applicant makes and the reference drug sponsor's decision to initiate patent litigation.

Exclusivity

The FDA provides periods of non-patent regulatory exclusivity, which provides the holder of an approved NDA limited protection from new competition in the marketplace for the innovation represented by its approved drug for a period of three or five years following the FDA's approval of the NDA. Five years of exclusivity are available to new chemical entities, or NCEs. An NCE is a drug that contains no active moiety that has been approved by the FDA in any other NDA. An active moiety is the molecule or ion, excluding those appended portions of the molecule that cause the drug to be an ester, salt, including a salt with hydrogen or coordination bonds, or other noncovalent, or not involving the sharing of electron pairs between atoms, derivatives, such as a complex (*i.e.*, formed by the chemical interaction of two compounds), chelate (*i.e.*, a chemical compound), or clathrate (*i.e.*, a polymer framework that traps molecules), of the molecule, responsible for the therapeutic activity of the drug substance. During the exclusivity period, the FDA may not accept for review or approve an ANDA or a 505(b)(2) NDA submitted by another company that contains the previously approved active moiety. An ANDA or 505(b)(2) application, however, may be submitted one year before NCE exclusivity expires if a Paragraph IV certification is filed.

If a product is not eligible for the NCE exclusivity, it may be eligible for three years of exclusivity. Three-year exclusivity is available to the holder of an NDA, including a 505(b)(2) NDA, if one or more new clinical trials, other than bioavailability or bioequivalence trials, was essential to the approval of the application and was conducted or sponsored by the applicant. This three-year exclusivity period protects against FDA approval of ANDAs and 505(b)(2) NDAs for the particular condition of the new drug's approval or the change to a marketed product, such as a new formulation for a previously approved drug. Five-year and three-year exclusivity will not delay the submission or approval of a 505(b)(1) NDA; however, an applicant submitting a 505(b)(1) NDA

would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and efficacy.

In addition, under the Generating Antibiotic Incentives Now, or GAIN, Act, which was enacted as part of the Food and Drug Administration Safety and Innovation Act, or FDASIA, which was signed into law in July 2012, the FDA may designate a product as a qualified infectious disease product, or QIDP. In order to receive this designation, a drug must qualify as an antibiotic or antifungal drug for human use intended to treat serious or life-threatening infections, including those caused by either (1) an antibiotic or antifungal resistant pathogen, including novel or emerging infectious pathogens, or (2) a so-called "qualifying pathogen" found on a list of potentially dangerous, drug-resistant organisms to established and maintained by the FDA. A sponsor must request such designation before submitting a marketing application. We obtained a QIDP designation in February 2017 for D-PLEX$_{100}$ for the prevention of post-cardiac surgery sternal infection and may request additional QIDP designations for D-PLEX$_{100}$ or our other product candidates prior to submitting a marketing application for such product candidates, as appropriate. Upon approving a marketing application for a QIDP-designated product, the FDA will extend by an additional five years any non-patent marketing exclusivity period awarded, such as a three-year exclusivity period awarded for new clinical investigations of previously approved products. This extension is in addition to any pediatric exclusivity extension awarded, and the extension will be awarded only to a drug first approved on or after the date of enactment of the GAIN Act. The GAIN Act prohibits the grant of an exclusivity extension where the application is a supplement to an application for which an extension is in effect or has expired, is a subsequent application for a specified change to an approved product, or is an application for a product that does not meet the definition of QIDP based on the uses for which it is ultimately approved.

Hatch Waxman Amendments and the 505(b)(2) Regulatory Approval Process

Section 505 of the FFDCA describes three types of marketing applications that may be submitted to the FDA to request marketing authorization for a new drug. A Section 505(b)(1) NDA is an application that contains full reports of investigations of safety and efficacy. A Section 505(b)(2) NDA is an application that contains full reports of investigations of safety and efficacy, but where at least some of the information required for approval comes from investigations that were not conducted by or for the applicant and for which the applicant has not obtained a right of reference or use from the person by or for whom the investigations were conducted. This regulatory pathway enables the applicant to rely, in part, on the FDA's prior findings of safety and efficacy for an existing product, or published literature, in support of its application. Specifically, the applicant may rely upon the FDA's prior findings of safety and efficacy for an approved product that acts as the reference listed drug for purposes of a 505(b)(2) NDA. The FDA may also require 505(b)(2) applicants to perform additional studies or measurements to support any changes from the reference listed drug. The FDA may then approve the new product candidate for all or some of the labeled indications for which the referenced product has been approved, as well as for any new indication sought by the 505(b)(2) applicant. Lastly, the FDA permits marketing applications through Section 505(j), which establishes an abbreviated approval process for a generic version of approved drug products through the submission of an Abbreviated New Drug Application, or ANDA. An ANDA provides for marketing of a generic drug product that has the same active ingredients, dosage form, strength, route of administration, labeling, performance characteristics and intended use, among other things, to a previously approved product. ANDAs are termed "abbreviated" because they are generally not required to include preclinical (animal) and clinical (human) data to establish safety and efficacy. Instead, generic applicants must scientifically demonstrate that their product is bioequivalent to, or performs in the same manner as, the innovator drug through in vitro, in vivo, or other testing. The generic version must deliver the same amount of active ingredients

into a subject's bloodstream in the same amount of time as the innovator drug and can often be substituted by pharmacists under prescriptions written for the reference listed drug.

Special FDA Expedited Review and Approval Programs

The FDA has various programs, including fast track designation, breakthrough therapy designation, accelerated approval, and priority review, which are intended to expedite or simplify the process for the development and FDA review of drugs that are intended for the treatment of serious or life threatening diseases or conditions and demonstrate the potential to address unmet medical needs. The purpose of these programs is to provide important new drugs to patients earlier than under standard FDA review procedures.

Under the fast track program, the sponsor of a new drug candidate may request that FDA designate the drug candidate for a specific indication as a fast track drug concurrent with, or after, the filing of the IND for the drug candidate. To be eligible for a fast track designation, the FDA must determine, based on the request of a sponsor, that a product is intended to treat a serious or life threatening disease or condition and demonstrates the potential to address an unmet medical need, or that the drug qualifies as a QIDP under the GAIN Act. The FDA will determine that a product will fill an unmet medical need if it will provide a therapy where none exists or provide a therapy that may be potentially superior to existing therapy based on efficacy or safety factors. Fast track designation provides additional opportunities for interaction with the FDA's review team and may allow for rolling review of NDA components before the completed application is submitted, if the sponsor provides a schedule for the submission of the sections of the NDA, the FDA agrees to accept sections of the NDA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the NDA. However, FDA's time period goal for reviewing an application does not begin until the last section of the NDA is submitted. The FDA may decide to rescind the fast track designation if it determines that the qualifying criteria no longer apply.

In addition, a sponsor can request breakthrough therapy designation for a drug if it is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. Drugs designated as breakthrough therapies are eligible for intensive guidance from FDA on an efficient drug development program, organizational commitment to the development and review of the product including involvement of senior managers, and, like fast track products, are also eligible for rolling review of the NDA. Both fast track and breakthrough therapy products are also eligible for accelerated approval and/or priority review, if relevant criteria are met.

Under the FDA's accelerated approval regulations, the FDA may approve a drug for a serious or life threatening illness that provides meaningful therapeutic benefit to patients over existing treatments based upon a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, 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. A drug 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, will allow FDA to withdraw the drug from the market on an expedited basis. All promotional materials for drug candidates approved under accelerated approval regulations are subject to prior review by FDA.

Once an NDA is submitted for a product intended to treat a serious condition, the FDA may assign a priority review designation if FDA determines that the product, if approved, would provide a significant improvement in safety or effectiveness. A priority review means that the goal for the FDA to review an application is six months, rather than the standard review of ten months under current PDUFA guidelines. Under the current PDUFA agreement, these six and ten month review periods are measured from the 60-day filing date rather than the receipt date for NDAs for new molecular entities, which typically adds approximately two months to the timeline for review from the date of submission. Most products that are eligible for fast track breakthrough therapy designation are also likely to be considered appropriate to receive a priority review.

Even if a product qualifies for one or more of these programs, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened. In addition, the manufacturer of an investigational drug for a serious or life threatening disease is required to make available, such as by posting on its website, its policy on responding to requests for expanded access. Furthermore, fast track designation, breakthrough therapy designation, accelerated approval and priority review do not change the standards for approval and may not ultimately expedite the development or approval process.

NDA Submission and Review by the FDA

Assuming successful completion of the required clinical and preclinical testing, among other items, the results of product development, including chemistry, manufacture and controls, nonclinical studies and clinical trials are submitted to the FDA, along with proposed labeling, as part of an NDA. The submission of an NDA requires payment of a substantial user fee to the FDA. These user fees must be filed at the time of the first submission of the application, even if the application is being submitted on a rolling basis. Fee waivers or reductions are available in some circumstances. One basis for a waiver of the application user fee is if the applicant employs fewer than 500 employees, including employees of affiliates, the applicant does not have an approved marketing application for a product that has been introduced or delivered for introduction into interstate commerce, and the applicant, including its affiliates, is submitting its first marketing application.

In addition, under the Pediatric Research Equity Act, or PREA, an NDA or supplement to an NDA for a new active ingredient, indication, dosage form, dosage regimen or route of administration must contain data that are adequate to assess the safety and efficacy of the drug for the claimed indications in all relevant pediatric subpopulations, and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective.

The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of some or all pediatric data until after approval of the product for use in adults or full or partial waivers from the pediatric data requirements.

The FDA must refer applications for drugs that contain active ingredients, including any ester or salt of the active ingredients, that have not previously been approved by the FDA to an advisory committee or provide in an action letter a summary of the reasons for not referring it to an advisory committee. The FDA may also refer drugs which present difficult questions of safety, purity or potency to an advisory committee. An advisory committee is typically a panel that includes clinicians and other experts who review, evaluate and make 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.

The FDA reviews applications to determine, among other things, whether a product is safe and effective for its intended use and whether the manufacturing controls are adequate to assure

and preserve the product's identity, strength, quality and purity. Before approving an NDA, the FDA 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, including contract manufacturers and subcontracts, are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA will typically inspect one or more clinical trial sites to assure compliance with GCPs.

Once the FDA receives an application, it has 60 days to review the NDA to determine if it is substantially complete to permit a substantive review, before it accepts the application for filing. Once the submission is accepted for filing, the FDA begins an in-depth review of the NDA. The FDA's NDA review times may differ based on whether the application is a standard review or priority review application. The FDA may give a priority review designation to drugs that are intended to treat serious conditions and provide significant improvements in the safety or effectiveness of the treatment, diagnosis, or prevention of serious conditions. Under the goals and policies agreed to by the FDA under the Prescription Drug User Fee Act, or PDUFA, the FDA has set the review goal of 10 months from the 60-day filing date to complete its initial review of a standard NDA for a new molecular entity, or NME, and make a decision on the application. For non-NME standard applications, the FDA has set the review goal of 10 months from the submission date to complete its initial review and to make a decision on the application. For priority review applications, the FDA has set the review goal of reviewing NME NDAs within six months of the 60-day filing date and non-NME applications within six months of the submission date. Such deadlines are referred to as the PDUFA date. The PDUFA date is only a goal and the FDA does not always meet its PDUFA dates. The review process and the PDUFA date may also be extended if the FDA requests or the NDA sponsor otherwise provides additional information or clarification regarding the submission.

Once the FDA's review of the application is complete, the FDA will issue either a Complete Response Letter, or CRL, or approval letter. A CRL indicates that the review cycle of the application is complete and the application is not ready for approval. A CRL generally contains a statement of specific conditions that must be met in order to secure final approval of the NDA and may require additional clinical or preclinical testing, or other information or analyses in order for the FDA to reconsider the application. The FDA has the goal of reviewing 90% of application resubmissions in either two or six months of the resubmission date, depending on the kind of resubmission. Even with the submission of additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval. If and when those conditions have been met to the FDA's satisfaction, the FDA may issue an approval letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications.

The FDA may delay or refuse approval of an NDA if applicable regulatory criteria are not satisfied, require additional testing or information and/or require post-marketing testing and surveillance to monitor safety or efficacy of a product, or impose other conditions, including distribution restrictions or other risk management mechanisms. For example, the FDA may require a risk evaluation and mitigation strategy, or REMS, as a condition of approval or following approval to mitigate any identified or suspected serious risks and ensure safe use of the drug. The FDA may prevent or limit further marketing of a product, or impose additional post-marketing requirements, based on the results of post-marketing studies or surveillance programs. After approval, some types of changes to the approved product, such as adding new indications, manufacturing changes and additional labeling claims, are subject to further testing requirements, FDA notification and FDA review and approval. Further, should new safety information arise, additional testing, product labeling or FDA notification may be required.

If regulatory approval of a product is granted, such approval may entail limitations on the indicated uses for which such product may be marketed or may include contraindications, warnings

or precautions in the product labeling, which has resulted in a Black Box warning. The FDA also may not approve the inclusion of labeling claims necessary for successful marketing. Once approved, the FDA may withdraw the product approval if compliance with pre- and post-marketing regulatory standards is not maintained or if problems occur after the product reaches the marketplace. In addition, the FDA may require Phase 4 post-marketing studies to monitor the effect of approved products, and may limit further marketing of the product based on the results of these post-marketing studies.

Post-approval Requirements

Any products manufactured or distributed by us pursuant to FDA approvals are subject to continuing regulation by the FDA, including manufacturing, periodic reporting, product sampling and distribution, advertising, promotion, drug shortage reporting, compliance with any post-approval requirements imposed as a conditional of approval such as Phase 4 clinical trials, REMS and surveillance, recordkeeping and reporting requirements, including adverse experiences.

After approval, most changes to the approved product, such as adding new indications or other labeling claims are subject to prior FDA review and approval. There also are continuing, annual user fee requirements for any approved products and the establishments at which such products are manufactured, as well as new application fees for supplemental applications with clinical data. Drug manufacturers and their subcontractors are required to register their establishments with the FDA and certain state agencies and to list their drug products, and are subject to periodic announced and unannounced inspections by the FDA and these state agencies for compliance with cGMPs and other requirements, which impose procedural and documentation requirements upon us and our third-party manufacturers.

Changes to the manufacturing process are strictly regulated and often require prior FDA approval before being implemented, or FDA notification. FDA regulations also require investigation and correction of any deviations from cGMPs and specifications, and impose reporting and documentation requirements upon the sponsor and any third-party manufacturers that the sponsor may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance.

Later discovery of previously unknown problems with a product, including AEs of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in withdrawal of marketing approval, mandatory revisions to the approved labeling to add new safety information or other limitations, imposition of post-market studies or clinical trials to assess new safety risks, or imposition of distribution or other restrictions under a REMS program, among other consequences.

The FDA closely regulates the marketing and promotion of drugs. A company can make only those claims relating to safety and efficacy, purity and potency that are approved by the FDA. Physicians, in their independent professional medical judgement, may prescribe legally available products for uses that are not described in the product's labeling and that differ from those tested by us and approved by the FDA. We, however, are prohibited from marketing or promoting drugs for uses outside of the approved labeling.

In addition, the distribution of prescription pharmaceutical products, including samples, is subject to the Prescription Drug Marketing Act, or PDMA, which regulates the distribution of drugs and drug samples at the federal level, and sets minimum standards for the registration and regulation of drug distributors by the states. Both the PDMA and state laws limit the distribution of prescription pharmaceutical product samples and impose requirements to ensure accountability in distribution. The Drug Supply Chain Security Act also imposes obligations on manufacturers of pharmaceutical products related to product and tracking and tracing.

Failure to comply with any of the FDA's requirements could result in significant adverse enforcement actions. These include a variety of administrative or judicial sanctions, such as refusal to approve pending applications, license suspension or revocation, withdrawal of an approval, imposition of a clinical hold or termination of clinical trials, warning letters, untitled letters, cyber letters, modification of promotional materials or labeling, product recalls, product seizures or detentions, refusal to allow imports or exports, total or partial suspension of production or distribution, debarment, injunctions, fines, consent decrees, corporate integrity agreements, refusals of government contracts and new orders under existing contracts, exclusion from participation in federal and state healthcare programs, restitution, disgorgement or civil or criminal penalties, including fines and imprisonment. It is also possible that failure to comply with the FDA's requirements relating to the promotion of prescription drugs may lead to investigations alleging violations of federal and state healthcare fraud and abuse and other laws, as well as state consumer protection laws. Any of these sanctions could result in adverse publicity, among other adverse consequences.

Other Healthcare Regulations

Our business activities, including but not limited to, research, sales, promotion, distribution, medical education and other activities are subject to regulation by numerous regulatory and law enforcement authorities in the United States in addition to the FDA, including potentially the Department of Justice, the Department of Health and Human Services and its various divisions, including CMS and the Health Resources and Services Administration, the Department of Veterans Affairs, the Department of Defense and state and local governments. Our business activities must comply with numerous healthcare laws and regulations, including those described below.

The federal Anti-Kickback Statute prohibits, among other things, any person or entity, from knowingly and willfully offering, paying, soliciting or receiving any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce or reward, or in return for, the referral of an individual for, or purchasing, leasing, ordering, or arranging for the purchase, lease or order of, any good, facility, item or service reimbursable under Medicare, Medicaid or other federal healthcare programs. The Anti-Kickback Statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers, and formulary managers on the other hand. The term remuneration has been interpreted broadly to include anything of value. There are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution. The exceptions and safe harbors are drawn narrowly and practices that involve remuneration that may be alleged to be intended to induce prescribing, purchasing or recommending may be subject to scrutiny if they do not qualify for an exception or safe harbor. Failure to meet all of the requirements of a particular applicable statutory exception or regulatory safe harbor does not make the conduct per se illegal under the federal Anti-Kickback Statute. Instead, the legality of the arrangement will be evaluated on a case-by-case basis based on a cumulative review of all of its facts and circumstances. Additionally, the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively the PPACA, amended the intent requirement of the federal Anti-Kickback Statute, and other healthcare criminal fraud statutes, so that a person or entity no

longer needs to have actual knowledge of the federal Anti-Kickback Statute, or the specific intent to violate it, to have violated the statute. The PPACA also provided that a violation of the federal Anti-Kickback Statute is grounds for the government or a whistleblower to assert that a claim for payment of items or services resulting from such violation constitutes a false or fraudulent claim for purposes of the federal civil False Claims Act.

The federal civil and criminal false claims laws, including the federal False Claims Act, or FCA, prohibit, among other things, any person or entity from knowingly presenting, or causing to be presented, a false claim for payment to, or approval by, the U.S. federal government, including the Medicare and Medicaid programs, or knowingly making, using, or causing to be made or used a false record or statement material to a false or fraudulent claim or to avoid, decrease or conceal an obligation to pay money to the federal government. As a result of a modification made by the Fraud Enforcement and Recovery Act of 2009, a claim includes "any request or demand" for money or property presented to the U.S. government. In addition, manufacturers can be held liable under the FCA even when they do not submit claims directly to government payors if they are deemed to "cause" the submission of false or fraudulent claims. The FCA also permits a private individual acting as a "whistleblower" to bring actions on behalf of the federal government alleging violations of the FCA and to share in any monetary recovery. FCA liability is potentially significant in the healthcare industry because the statute provides for treble damages and mandatory penalties. Government enforcement agencies and private whistleblowers have investigated pharmaceutical companies for or asserted liability under the FCA for a variety of alleged promotional and marketing activities, such as providing free product to customers with the expectation that the customers would bill federal programs for the product; providing consulting fees and other benefits to physicians to induce them to prescribe products; engaging in promotion for "off-label" uses; and submitting inflated best price information to the Medicaid Rebate Program.

As a condition of receiving Medicaid coverage for prescription drugs, the Medicaid Drug Rebate Program requires manufacturers to calculate and report to CMS their Average Manufacturer Price, or AMP, which is used to determine rebate payments shared between the states and the federal government and, for some multiple source drugs, Medicaid payment rates for the drug, and for drugs paid under Medicare Part B, to also calculate and report their average sales price, which is used to determine the Medicare Part B payment rate for the drug. In January 2016, CMS issued a final rule regarding the Medicaid Drug Rebate Program, effective April 1, 2016, that, among other things, revises the manner in which the AMP is to be calculated by manufacturers participating in the program and implements certain amendments to the Medicaid rebate statute created under the PPACA. Drugs that are approved under a biologics license application, or BLA, or an NDA, including a 505(b)(2) NDA, are subject to an additional requirement to calculate and report the manufacturer's best price for the drug and inflation penalties which can substantially increase rebate payments. For BLA and NDA drugs, the Veterans Health Care Act requires manufacturers to calculate and report to the Department of Veterans Affairs a different price called the Non-Federal AMP, offer the drugs for sale on the Federal Supply Schedule, and charge the government no more than a statutory price referred to as the Federal Ceiling Price, which includes an inflation penalty. A separate law requires manufacturers to pay rebates on these drugs when paid by the Department of Defense under its TRICARE Retail Pharmacy Program. Knowingly submitting false pricing information to the government creates potential federal False Claims Act liability.

The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, created additional federal criminal statutes that prohibits, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of whether the payor is public or private, knowingly and willfully embezzling or stealing from a

health care benefit program, willfully obstructing a criminal investigation of a health care offense and knowingly and willfully falsifying, concealing or covering up by any trick, scheme or device a material fact or making any materially false, fictitious or fraudulent statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters. Additionally, the PPACA amended the intent requirement of some of these criminal statutes under HIPAA so that a person or entity no longer needs to have actual knowledge of the statute, or the specific intent to violate it, to have committed a violation.

Additionally, the federal Open Payments program pursuant to the Physician Payments Sunshine Act, created under Section 6002 of the PPACA and its implementing regulations, require some manufacturers of drugs, devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with specified exceptions) to report annually information related to specified payments or other transfers of value provided to physicians and teaching hospitals, or to entities or individuals at the request of, or designated on behalf of, the physicians and teaching hospitals and to report annually specified ownership and investment interests held by physicians and their immediate family members. Failure to submit timely, accurately and completely the required information for all payments, transfers of value and ownership or investment interests may result in civil monetary penalties.

In addition, we may be subject to data privacy and security regulation by both the federal government and the states in which we conduct our business. HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their implementing regulations, impose requirements relating to the privacy, security and transmission of individually identifiable health information held by covered entities and their business associates. Among other things, HITECH makes HIPAA's security standards directly applicable to business associates, defined as independent contractors or agents of covered entities that create, receive, maintain or transmit protected health information in connection with providing a service for or on behalf of a covered entity. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions.

Many states have also adopted laws similar to each of the above federal laws, which may be broader in scope and apply to items or services reimbursed by any third-party payor, including commercial insurers. We may also be subject to state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, and/or 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 pricing information, 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.

Ensuring that our internal operations and business arrangements with third parties comply with applicable healthcare laws and regulations will likely be costly. It is possible that governmental authorities will conclude that our business practices do 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 were 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, disgorgement, individual imprisonment, possible exclusion from government funded healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, additional reporting obligations and oversight if we become subject to a

corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws, and curtailment of our operations, any of which could substantially disrupt our operations. If the physicians or other providers or entities with whom we expect to do business are found not to be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Coverage and Reimbursement

Our ability to commercialize any products successfully will also depend in part on the extent to which coverage and adequate reimbursement for the procedures utilizing our product candidates, performed by health care providers, once approved, will be available from government health administration authorities, private health insurers and other organizations. Government authorities and other third-party payors, such as private health insurers and health maintenance organizations, determine which procedures, and the products utilized in such procedures, they will cover and establish reimbursement levels. Assuming coverage is obtained for procedures utilizing a given product, by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. Patients who undergo procedures for the treatment of their conditions, and their treating physicians, generally rely on third-party payors to reimburse all or part of the costs associated with the procedures which utilize our products. Treating physicians are unlikely to use and order our products unless coverage is provided and the reimbursement is adequate to cover all or a significant portion of the cost of the procedures which utilize our products. Therefore, coverage and adequate reimbursement for procedures, which utilize new products, is critical to the acceptance of such new products. Coverage decisions may depend upon clinical and economic standards that disfavor new products when more established or lower cost therapeutic alternatives are already available or subsequently become available.

Government authorities and other third-party payors are developing increasingly sophisticated methods of cost containment, such as including price controls, restrictions on coverage and reimbursement and requirements for substitution of less expensive products and procedures. Increasingly, government and other third-party payors are increasingly challenging the prices charged for health care products and procedures, examining the cost effectiveness of procedures, and the products used in such procedures, in addition to their safety and efficacy, and limiting or attempting to limit both coverage and the level of reimbursement. Further, no uniform policy requirement for coverage and reimbursement exists among third-party payors in the United States, which causes significant uncertainty related to the insurance coverage and reimbursement of newly approved products, and the procedures which may utilize such newly approved products. Therefore, coverage and reimbursement can differ significantly from payor to payor and health care provider to health care provider. As a result, the coverage determination process is often a time-consuming and costly process that requires the provision of scientific and clinical support for the use of new products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

There may be significant delays in obtaining coverage and reimbursement for newly approved products, and coverage may be more limited than the purposes for which the product is approved by the FDA. Moreover, eligibility for coverage and reimbursement does not imply that a product, or the procedures which utilize such product, will be paid for in all cases or at a rate which the health care providers who purchase those products will find cost effective. Additionally, we expect pricing pressures in connection with the sale of any of our product candidates due to the trend toward managed healthcare, the increasing influence of health maintenance organizations, and additional legislative changes.

We cannot be sure that coverage and reimbursement will be available for any product that we commercialize, or the procedures which utilize such product, and, if reimbursement is available, what the level of reimbursement will be. Coverage and reimbursement may impact the demand for, or the price of, any product candidate for which we obtain marketing approval. If coverage and reimbursement are not available or reimbursement is available only to limited levels, we may not successfully commercialize any product candidate for which we obtain marketing approval.

Healthcare Reform Measures

The United States and some foreign jurisdictions are considering or have enacted a number of legislative and regulatory proposals designed to change the healthcare system. Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives.

For example, the pharmaceutical industry in the United States has been affected by the passage of PPACA, which, among other things, imposed new fees on entities that manufacture or import certain branded prescription drugs and expanded pharmaceutical manufacturer obligations to provide discounts and rebates to certain government programs, expanded health care fraud and abuse laws, revised the methodology by which rebates owed by manufacturers to the state and federal government for covered outpatient drugs under the Medicaid Drug Rebate Program are calculated, imposed an additional rebate similar to an inflation penalty on new formulations of drugs, extended the Medicaid Drug Rebate Program to utilization of prescriptions of individuals enrolled in Medicaid managed care organizations, expanded the 340B program which caps the price at which manufacturers can sell covered outpatient pharmaceuticals to specified hospitals, clinics and community health centers, and provided incentives to programs that increase the federal government's comparative effectiveness research.

Since its enactment, there have been judicial and Congressional challenges to certain aspects of the PPACA, as well as recent efforts by the Trump administration to repeal or replace certain aspects of the PPACA. Since January 2017, President Trump has signed two Executive Orders designed to delay the implementation of certain provisions of the PPACA or otherwise circumvent some of the requirements for health insurance mandated by the PPACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the PPACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the PPACA have been signed into law. The Tax Cuts and Jobs Act of 2017 includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the PPACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate". Additionally, on January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain PPACA-mandated fees, including the so-called "Cadillac" tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. Congress will likely consider other legislation to replace elements of the PPACA.

Other legislative changes have been proposed and adopted in the United States since the PPACA was enacted. In August 2011, the Budget Control Act of 2011, among other things, included aggregate reductions of Medicare payments to providers of 2.0% per fiscal year, which went into effect in April 2013, and due to subsequent legislative amendments, will remain in effect through 2025 unless additional U.S. Congressional action is taken. In addition, in January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things,

reduced Medicare payments to several categories of healthcare providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. Additional changes that may affect our business include new quality and payment programs such as Medicare payment for performance initiatives for physicians under the Medicare Access and CHIP Reauthorization Act of 2015, or MACRA, which will be fully implemented in 2019.

In addition, there has been particular and increasing legislative and enforcement interest in the United States with respect to drug pricing practices in recent years, particularly with respect to drugs that have been subject to relatively large price increases over relatively short time periods. Specifically, there have been several recent U.S. Congressional inquiries and proposed bills designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, reduce the cost of prescription drugs under Medicare and reform government program reimbursement methodologies for pharmaceutical products. Individual states in the United States have also become increasingly active in passing legislation and implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In the future, there will likely continue to be proposals relating to the reform of the U.S. healthcare system, some of which could further limit coverage and reimbursement of products, including our product candidates. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors.

The Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act, or FCPA, prohibits any U.S. individual or business from paying, offering or authorizing payment or offering of anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of the foreign entity in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the United States to comply with accounting provisions requiring the companies to maintain books and records that accurately and fairly reflect all transactions of the companies, including international subsidiaries, and to devise and maintain an adequate system of internal accounting controls for international operations.

Non-U.S. Government Regulation

To the extent that any of our product candidates, once approved, are sold in a country outside of the United States, we may be subject to similar foreign laws and regulations, which may include, for instance, applicable post-marketing requirements, including safety surveillance, anti-fraud and abuse laws and implementation of corporate compliance programs and reporting of payments or other transfers of value to healthcare professionals.

In order to market our future products in the EEA (which is comprised of the 28 Member States of the European Union plus Norway, Iceland and Liechtenstein) and many other foreign jurisdictions, we must obtain separate regulatory approvals. More concretely, in the EEA, medicinal products can only be commercialized after obtaining a Marketing Authorization, or MA. There are two types of marketing authorizations:

- the Community MA, which is issued by the European Commission through the Centralized Procedure, based on the opinion of the Committee for Medicinal Products for Human Use of the European Medicines Agency, or EMA, and which is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of products, such as biotechnology medicinal products, orphan medicinal products and medicinal products

indicated for the treatment of AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and viral diseases. The Centralized Procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the European Union; and

- National MAs, which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for products not falling within the mandatory scope of the Centralized Procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in another Member State through the Mutual Recognition Procedure. If the product has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the Decentralized Procedure.

Under the above described procedures, before granting the MA, the EMA or the competent authorities of the Member States of the EEA make an assessment of the risk-benefit balance of the product on the basis of scientific criteria concerning its quality, safety and efficacy.

Data and Marketing Exclusivity

In the EEA, new products authorized for marketing, or reference products, qualify for eight years of data exclusivity and an additional two years of market exclusivity upon marketing authorization. The data exclusivity period prevents generic or biosimilar applicants from relying on the pre-clinical and clinical trial data contained in the dossier of the reference product when applying for a generic or biosimilar marketing authorization in the European Union during a period of eight years from the date on which the reference product was first authorized in the European Union. The market exclusivity period prevents a successful generic or biosimilar applicant from commercializing its product in the European Union until 10 years have elapsed from the initial authorization of the reference product in the European Union. The 10-year market exclusivity period can be extended to a maximum of eleven years if, during the first eight years of those 10 years, the marketing authorization holder 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.

Pediatric Investigation Plan

In the EEA, marketing authorization applications for new medicinal products not authorized have to include the results of studies conducted in the pediatric population, in compliance with a pediatric investigation plan, or PIP, agreed with the EMA's Pediatric Committee, or PDCO. The PIP sets out the timing and measures proposed to generate data to support a pediatric indication of the drug for which marketing authorization is being sought. The PDCO can grant a deferral of the obligation to implement some or all of the measures of the PIP until there are sufficient data to demonstrate the efficacy and safety of the product in adults. Further, the obligation to provide pediatric clinical trial data can be waived by the PDCO when these data is not needed or appropriate because the product is likely to be ineffective or unsafe in children, the disease or condition for which the product is intended occurs only in adult populations, or when the product does not represent a significant therapeutic benefit over existing treatments for pediatric patients. Once the marketing authorization is obtained in all Member States of the European Union and study results are included in the product information, even when negative, the product is eligible for six months' supplementary protection certificate extension.

Orphan Drug Designation

In the EEA, a medicinal product can be designated as an orphan drug if its sponsor can establish that the product is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition affecting not more than five in ten thousand persons in the European Union when the application is made, or that the product is intended for the diagnosis, prevention or treatment of a life-threatening, seriously debilitating or serious and chronic condition in the European Community and that without incentives it is unlikely that the marketing of the drug in the EU would generate sufficient return to justify the necessary investment. For either of these conditions, the applicant must demonstrate that there exists no satisfactory method of diagnosis, prevention or treatment of the condition in question that has been authorized in the EU or, if such method exists, the drug will be of significant benefit to those affected by that condition.

In the EEA, 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. Marketing authorization for an orphan drug leads to a ten-year period of market exclusivity. During this market exclusivity period, the EMA or the member state competent authorities, cannot accept another application for a marketing authorization, or grant a marketing authorization, for a similar medicinal product for the same indication. The period of market exclusivity is extended by two years for medicines that have also complied with an agreed PIP.

This period may, however, be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for orphan drug designation, for example because the product is sufficiently profitable not to justify market exclusivity. Market exclusivity can be revoked only in very selected cases, such as consent from the marketing authorization holder, inability to supply sufficient quantities of the product, demonstration of "clinical superiority" by a similar medicinal product, or, after a review by the Committee for Orphan Medicinal Products, requested by a member state in the fifth year of the marketing exclusivity period (if the designation criteria are believed to no longer apply). Medicinal products designated as orphan drugs pursuant are eligible for incentives made available by the European Union and its Member States to support research into, and the development and availability of, orphan drugs.

Employees

As of December 31, 2017, we had 55 full-time employees and five part-time employees, all of whom were based in Israel. Of these employees, 41 are primarily engaged in research and development activities and 14 are primarily engaged in general and administrative matters. A total of 13 employees have an M.D. or Ph.D. degree. None of our employees is represented by a labor union. We have never experienced any employment-related work stoppages and believe our relationships with our employees are good.

Israeli labor laws govern the length of the workday and workweek, minimum wages for employees, procedures for hiring and dismissing employees, determination of severance pay, annual leave, sick days, advance notice of termination, payments to the National Insurance Institute, and other conditions of employment and include equal opportunity and anti-discrimination laws. While none of our employees is party to any collective bargaining agreements, certain provisions of the collective bargaining agreements between the Histadrut (General Federation of Labor in Israel) and the Coordination Bureau of Economic Organizations (including the Industrialists' Associations) are applicable to our employees in Israel by order of the Israeli Ministry of Economy and Industry. These provisions primarily concern pension fund benefits for all employees, insurance for work-related accidents, recuperation pay and travel expenses. We generally provide our employees with benefits and working conditions beyond the required minimums.

Facilities

Our principal executive offices are located at 18 Hasivim Street, Petach Tikva 4959376, Israel, where we lease an approximately 31,000 square foot facility. This Israeli facility houses our administrative headquarters, research and development laboratories and pilot manufacturing facility. We also maintain an office at 47 Maple Street, Suite 302A, Summit, New Jersey, which serves as the headquarters for our U.S. subsidiary. We believe that our existing facilities are adequate to meet our current needs, and that suitable additional or alternative spaces will be available in the future on commercially reasonable terms. We also intend to build a larger-scale cGMP manufacturing facility in Israel in the future.

Environmental, Health and Safety Matters

We are subject to extensive environmental, health and safety laws and regulations in a number of jurisdictions, primarily Israel, governing, among other things: the use, storage, registration, handling, emission and disposal of chemicals, waste materials and sewage; chemicals, air, water and ground contamination; air emissions and the cleanup of contaminated sites, including any contamination that results from spills due to our failure to properly dispose of chemicals, waste materials and sewage. Our operations use chemicals and produce waste materials and sewage and require permits from various governmental authorities including, local municipal authorities, the Ministry of Environmental Protection and the Ministry of Health. The Ministry of Environmental Protection and the Ministry of Health, local authorities and the municipal water and sewage company conduct periodic inspections in order to review and ensure our compliance with the various regulations. These laws, regulations and permits could potentially require the expenditure by us of significant amounts for compliance or remediation. If we fail to comply with such laws, regulations or permits, we may be subject to fines and other civil, administrative or criminal sanctions, including the revocation of permits and licenses necessary to continue our business activities. In addition, we may be required to pay damages or civil judgments in respect of third-party claims, including those relating to personal injury (including exposure to hazardous substances we use, store, handle, transport, manufacture or dispose of), property damage or contribution claims. Some environmental, health and safety laws allow for strict, joint and several liability for remediation costs, regardless of comparative fault. We may be identified as a responsible party under such laws. Such developments could have a material adverse effect on our business, financial condition and results of operations. In addition, laws and regulations relating to environmental, health and safety matters are often subject to change. In the event of any changes or new laws or regulations, we could be subject to new compliance measures or to penalties for activities that were previously permitted.

Legal Proceedings

We are not currently party to any material legal proceedings.

MANAGEMENT

Executive Officers and Directors

The following table sets forth information regarding our executive officers and directors, including their ages as of December 31, 2017:

Name	Age	Position
Executive Officers		
Amir Weisberg	62	Chief Executive Officer and Director
Dikla Czaczkes Akselbrad	44	Chief Financial Officer
Noam Emanuel, Ph.D.	58	Chief Technology Officer and Director
Jack Eitan Kyiet	48	Chief Operating Officer and Director
Dan Jacob Gelvan, Ph.D.	53	Executive Vice President
Non-Employee Directors		
Jacob Harel	62	Chairman
Yechezkel Barenholz, Ph.D.	76	Director
Eli Frydman, Ph.D.	51	Director
Chaim Hurvitz	57	Director
Anat Tsour Segal	51	Director

Our Executive Officers

Amir Weisberg has served as our Chief Executive Officer and a director since October 2010. From 2007 to 2010, Mr. Weisberg served as the chief executive officer of Implant Protection Ltd. He has over 20 years of entrepreneurial experience, including as chief executive officer of several startup companies in the life science sphere.

Dikla Czaczkes Akselbrad has served as our Chief Financial Officer since December 2016. Prior to that time, Ms. Czaczkes Akselbrad served as our Chief Strategy Officer from July 2014 to December 2016, and as chief financial officer of Compugen Ltd., a publicly-traded immuno-oncology company, from February 2008 to May 2014. She holds a BA in accounting and economics and an MBA in finance, both from Tel Aviv University, and is a certified public accountant in Israel.

Noam Emanuel, Ph.D. has served as our Chief Technology Officer and a director since October 2010. Dr. Emanuel has over 15 years of experience in drug development, drug delivery and immunology, including with respect to local, systemic and trans-dermal drug delivery systems, as well as in imaging and diagnostics. He holds a Ph.D. in immunology and drug delivery from the Hebrew University of Jerusalem.

Jack Eitan Kyiet has served as our Chief Operating Officer since June 2013 and a director since October 2013. He has held several business development and operations positions in publicly traded multi-national medical device companies. From January 2011 to July 2013, he served as director of worldwide supply chain at Biosense Webster, a Johnson & Johnson medical device company. He holds an LL.B. and an MBA from the Haifa University.

Dan Jacob Gelvan, Ph.D. has served as our Executive Vice President since April 2017. Prior to that time, Dr. Gelvan served as managing director of life science at Aurum Ventures M.K.I. Ltd. from June 2005 to December 2016. He served as a member of our board of directors from January 2014 to February 2017, as well as a member of the board of directors of Vascular Biogenics Ltd, a publicly-traded biopharmaceutical company, from May 2005 to December 2016. He holds a BA and MA in economics from The Hebrew University of Jerusalem and a Ph.D. in business economics from Roskilde University in Denmark.

Our Non-Employee Directors

Jacob Harel has served as a director since November 2017 and the chairman of our board of directors since December 2017. Mr. Harel currently serves as the chief executive officer of The Harel Group, a consulting firm that provides business development support to pharmaceutical companies, which he founded in 2014. He previously served for over 27 years in various roles at Merck & Co., Inc., most recently as the executive director of corporate business development from 2008 to April 2014. Mr. Harel currently serves as a member of the board of directors of Insuline Medical. He holds a B.S. in economics from Haifa University and an MBA from Tel Aviv University.

Prof. Yechezkel Barenholz, Ph.D. has served as a director since April 2008. Prof. Barenholz currently serves as head of the Laboratory of Membrane and Liposome Research at the Department of Biochemistry of the Hadassah Medical School at the Hebrew University of Jerusalem, a position he has held since 1978. He is a recognized world expert in the field of drug delivery, and is the co-inventor of Doxil, the first nano-delivery system approved by the FDA and marketed by major pharmaceutical companies. He holds a B.Sc., M.Sc. and Ph.D. in biochemistry from the Hebrew University of Jerusalem.

Eli Frydman, Ph.D. has served as a director since November 2016. Dr. Frydman currently serves as managing director of healthcare of Aurum Ventures M.K.I. Ltd., a position he has held since November 2016. Prior to that time, he served as chief business officer of FutuRx Ltd from September 2013 to March 2016 and vice president, chief operating officer of Aposense Ltd from March 2005 to August 2013. He currently serves as a director of Precise Bio, Inc., Beta-o2 Technologies Ltc., LifeBond Ltd. and Nucleix Ltd. He holds a B.Sc. in chemistry and physics from Tel Aviv University, a M.Sc. and Ph.D. in chemistry, materials and nanotechnology from the Weizmann Institute of Science and an MBA from the ENPC School of International Management.

Chaim Hurvitz has served as a director since February 2016. Mr. Hurvitz currently serves as chief executive officer of CH Health, a private venture capital firm, a position he has held since May 2011. He also currently serves as chairman of Galmed Pharmaceuticals Ltd. and chairman of the pharmaceuticals branch of the Manufacturer's Association of Israel. Mr. Hurvitz previously served as a member of the board of directors of UroGen Pharma Ltd. Mr. Hurvitz served as a director of Teva Pharmaceutical Industries Ltd. from 2010 to 2014 and Aposense Ltd. from 2010 to 2014. He holds a B.A. in political science and economics from Tel Aviv University.

Anat Tsour Segal has served as a director since April 2008. Ms. Segal founded Anat Segal Consulting & Technology Investments, an independent consulting and investment banking practice advising Israeli technology and healthcare companies, in January 2000. From April 2003 to February 2016, she also served as the founder, chief executive officer and a director of Xenia Venture Capital. She holds a B.A. in economics and management, an MBA in finance and an LL.B. from Tel Aviv University.

Arrangements Concerning Election of Directors; Family Relationships

Our board of directors consists of seven directors, each of whom will continue to serve pursuant to their appointment until the first annual general meeting of shareholders held after this offering. We are not a party to, and are not aware of, any voting agreements among our shareholders. In addition, there are no family relationships among our executive officers and directors.

Corporate Governance Practices

Companies incorporated under the laws of the State of Israel, whose shares are publicly traded, including companies with shares listed on The Nasdaq Global Market, are considered

public companies under Israeli law and are required to comply with various corporate governance requirements under Israeli law relating to such matters as the composition and responsibilities of the audit committee and the compensation committee (subject to certain exceptions that we intend to utilize), and a requirement to have an internal auditor. This is the case even if our shares are not listed on the Tel Aviv Stock Exchange, or TASE, which our shares are not expected to be. These requirements are in addition to the corporate governance requirements imposed by the Nasdaq Rules and other applicable provisions of U.S. securities laws to which we will become subject (as a foreign private issuer) upon the closing of this offering and the listing of our ordinary shares on The Nasdaq Global Market. Under the Nasdaq Rules, a foreign private issuer may generally follow its home country rules of corporate governance in lieu of the comparable requirements of the Nasdaq Rules, except for certain matters including the composition and responsibilities of the audit committee.

We intend to rely on this "home country practice exemption" with respect to the following Nasdaq requirements:

- *Quorum.* As permitted under the Israeli Companies Law and pursuant to our amended and restated articles of association to be effective 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, by proxy or by other voting instrument in accordance with the Israeli Companies Law, who hold at least $33^{1}/_{3}\%$ of the voting power of our shares. A meeting adjourned for lack of a quorum is generally adjourned to the same day in the following week at the same time and place or to a later time or date if so specified in the summons or notice of the meeting. At the reconvened meeting, any shareholder present in person or by proxy shall constitute a lawful quorum, instead of $33^{1}/_{3}\%$ of the issued share capital required under the Nasdaq Rules.

- *Proxy Statements.* We will not be required to and, in reliance on home country practice, we do not intend to comply with certain Nasdaq Rules regarding the provision of proxy statements for general meetings of shareholders. Israeli corporate law does not have a regulatory regime for the solicitation of proxies. We intend to provide notice convening an annual general meeting, including an agenda and other relevant documents.

- *Shareholder Approval.* We will not be required to and, in reliance on home country practice, we do not intend to comply with certain Nasdaq Rules regarding shareholder approval for certain issuances of securities under Nasdaq Rule 5635. In particular, under the Nasdaq Rules, shareholder approval is generally required for: (i) an acquisition of shares or assets of another company that involves the issuance of 20% or more of the acquirer's shares or voting rights or if a director, officer or 5% shareholder has greater than a 5% interest (or such persons collectively have a 10% or greater interest) in the target company or the assets to be acquired or the consideration to be received and the present or potential issuance of ordinary shares, or securities convertible into or exercisable for ordinary shares, could result in an increase in outstanding common shares or voting power of 5% or more; (ii) the issuance of shares leading to a change of control; (iii) adoption or amendment of a stock option or purchase plan or other equity compensation arrangements, pursuant to which stock may be acquired by officers, directors, employees or consultants (with certain limited exception); and (iv) issuances of 20% or more of the shares or voting rights (including securities convertible into, or exercisable for, equity) of a listed company via a private placement (and/or via sales by directors or officers or 5% shareholders) if such equity is issued (or sold) at below the greater of the book or market value of shares. By contrast, under the Israeli Companies Law, the adoption of, and material changes to, equity-based compensation plans generally require the approval of the board of directors and the compensation committee of the board of directors (for details regarding the

approvals required under the Israeli Companies Law for the approval of compensation of the chief executive officer, all other executive officers and directors, see below under "Approval of Related Party Transactions under Israeli Law — Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions," and "Approval of Related Party Transactions under Israeli Law — Disclosure of Personal Interests of a Shareholder and Approval of Certain Transactions" respectively).

Other than as stated above, we currently intend to take all actions necessary for us to maintain compliance as a foreign private issuer under the applicable corporate governance requirements of the Sarbanes-Oxley Act, the rules adopted by the SEC and The Nasdaq Global Market's listing standards. Nevertheless, we may in the future decide to use the foreign private issuer exemption with respect to some or all of the other Nasdaq corporate governance rules. Following our home country governance practices, as opposed to the requirements that would otherwise apply to a company listed on Nasdaq, may provide less protection than is accorded to investors under the Nasdaq listing requirements applicable to domestic issuers. For more information, see "Risk Factors — As a foreign private issuer, we are permitted, and intend, to follow certain home country corporate governance practices instead of otherwise applicable Nasdaq requirements, and we will not be subject to certain U.S. securities laws including, but not limited to, U.S. proxy rules and the filing of certain Exchange Act reports."

Board Practices

Board of Directors

Under the Israeli 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.

Under our amended and restated articles of association, to be effective upon the closing of this offering, our board of directors must consist of at least five directors and not more than eleven directors. Our board of directors will consist of eight directors upon the closing of this offering. Other than vacancies to be filled through selection by the remaining members of our board, the Israeli Companies Law and our amended and restated articles of association provide that directors are elected at the annual general meeting of our shareholders by a vote of the majority of the total voting power of our company voting in person, by proxy or by other voting instrument at that meeting. We have only one class of directors.

Under the Israeli Companies Law, our board of directors is required to employ independent judgment and discretion when voting, and is prohibited from entering into any voting arrangements with respect to actions taken at meetings of the board. Further, the Israeli Companies Law provides that in the event a director learns about an alleged breach of law or improper conduct of business relating to a company matter, said director must promptly take action to summon a meeting of the board of directors to address any such breach.

Notwithstanding the exemptions available to foreign private issuers under Nasdaq Rules, we intend to follow the requirements of the Nasdaq Rules with regard to the process of nominating directors by means of our compensation, nominating and corporate governance committee, which is comprised of directors who our board has deemed to be independent under Nasdaq Rules.

In addition, our amended and restated articles of association allow our board of directors to appoint directors to fill vacancies on our board of directors, including filling empty board seats up to the maximum number of directors permitted under our articles of association, for a term of office equal to the remaining period of the term of office of each director whose office has been vacated. Vacancies on our board of directors may be filled by a vote of a simple majority of the directors then in office. A director so appointed will hold office until the next annual general meeting of our shareholders in which the other directors then in office are proposed to be replaced or reappointed.

Directors may be removed from office by a resolution at a general meeting of shareholders adopted by a vote of 65% of the total voting power of our company in accordance with the Israeli Companies Law and our amended and restated articles of association.

Under the Israeli Companies Law, and except as described below, we would be required to include on our board of directors at least two members, each of whom qualifies as an external director, and as to whom special qualifications and other provisions would be applicable. We would also be required to include one such external director on each of our board committees.

Under regulations promulgated under the Israeli Companies Law, Israeli companies whose shares are traded on stock exchanges such as the Nasdaq Stock Market that do not have a controlling shareholder (as defined therein) and which comply with the requirements of the jurisdiction where the company's shares are traded with respect to the appointment of independent directors and the composition of an audit committee and compensation committee, may elect not to follow the Israeli Companies Law requirements with respect to the composition of its audit committee and compensation committee and the appointment of external directors. As we do not have a controlling shareholder, we intend to comply with the requirements of the Nasdaq Stock Market with respect to the composition of our board and such committees, and therefore we will be exempt from the Israeli Companies Law requirements with respect thereto, including the appointment of external directors.

Director Independence

Although not required of foreign private issuers under Nasdaq Rules, we intend to comply with the requirements thereunder applicable to domestic listed companies that a majority of the board of directors be deemed to be independent under such rules, as well as the independence requirements that would be applicable to our audit committee and compensation, nominating and corporate governance committee if we were a domestic listed company, as described below. In light of this obligation, our board of directors has undertaken a review of the independence of our directors under current rules and regulations of the SEC and Nasdaq Rules and considered whether any of our directors has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. Based upon information requested from and provided by each director concerning such director's background, employment and affiliations, including family relationships, our board of directors determined that Yechezkel Barenholz, Eli Frydman, Jacob Harel, Chaim Hurvitz and Anat Tsour Segal, representing five of our eight directors, are "independent directors" as defined under current rules and regulations of the SEC and Nasdaq Rules. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances that our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director and the transactions involving them described in "Certain Relationships and Related Party Transactions."

Leadership Structure of the Board

In accordance with the Israeli Companies Law and our amended and restated articles of association, our board of directors is required to appoint one of its members to serve as chairman of the board of directors. Our board of directors has appointed Jacob Harel to serve as chairman of the board of directors.

Board Committees

Under the Israeli Companies Law and our amended and restated articles of association, our board of directors is permitted to form committees, and to delegate to any such committee powers allotted to the board of directors, subject to certain exceptions. In general, the board of directors may overturn a resolution adopted by a committee it has formed; provided, however, that the board's decision shall not affect the ability of third parties, who were not aware of such decision, to rely on the committee's resolution prior to the time it is overturned. Only members of the board of directors can be members of a board committee, unless the committee is solely advisory.

Audit Committee

Following the listing of our ordinary shares on The Nasdaq Global Market, our audit committee will consist of , and .

Israeli Companies Law Requirements

Under the Israeli Companies Law, we will be required to appoint an audit committee following the closing of this offering.

Nasdaq Listing Requirements

Under the Nasdaq Rules, 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.

All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the Nasdaq Stock Market. Our board of directors has determined that is an audit committee financial expert as such term is defined by the SEC rules and has the requisite financial experience as defined by the Nasdaq Rules. Each of the members of our audit committee is "independent" as such term is defined in Rule 10A-3(b)(1) under the Exchange Act and satisfies the independent director requirements under the Nasdaq Rules.

Audit Committee Role

Our audit committee charter, to be effective upon the listing of our shares on The Nasdaq Global Market, sets forth the responsibilities of the audit committee consistent with the rules and regulations of the SEC and the Nasdaq Rules, as well as the requirements for such committee under the Israeli Companies Law, including the following:

- oversight of our independent registered public accounting firm and recommending the engagement, compensation or termination of engagement of our independent registered public accounting firm to the board of directors in accordance with Israeli law;
- recommending the engagement or termination of the person filling the office of our internal auditor; and
- recommending the terms of audit and non-audit services provided by the independent registered public accounting firm for pre-approval by our board of directors.

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

Under the Israeli Companies Law, our audit committee is responsible, among others, for:

- determining whether there are deficiencies in the business management practices of our company, including in consultation with our internal auditor or the independent auditor, and making recommendations to the board of directors to improve such practices;
- determining whether to approve certain related party transactions (including transactions in which an office holder has a personal interest and whether such transaction is extraordinary or material under the Israeli Companies Law) (see "Approval of Related Party Transactions under Israeli Law — Fiduciary Duties of Directors and Executive Officers");
- establishing the approval process for certain transactions with a controlling shareholder or in which a controlling shareholder has a personal interest;
- where the board of directors approves the working plan of the internal auditor, examining such working plan before its submission to the board of directors and proposing amendments thereto;
- examining our internal audit controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to fulfill his responsibilities;
- examining the scope of our auditor's work and compensation and submitting a recommendation with respect thereto to our board of directors, depending on which of them is considering the appointment of our auditor; and
- establishing procedures for the handling of employees' complaints as to the management of our business and the protection to be provided to such employees.

Compensation, Nominating and Corporate Governance Committee and Compensation Policy

Upon the listing of our ordinary shares on The Nasdaq Global Market, we intend to establish a compensation, nominating and corporate governance committee. The composition of our compensation, nominating and corporate governance committee meets the requirements for and guidance under the Nasdaq Rules and current SEC rules and regulations applicable to domestic issuers. The members of this committee will be , , and , each of whom is independent in accordance with the Nasdaq rules.

Israeli Companies Law Requirements

Under the Israeli Companies Law, the board of directors of a public company must appoint a compensation committee.

The duties of the compensation committee under the Israeli Companies Law, include the recommendation to the company's board of directors of a policy regarding the terms of engagement of office holders, to which we refer as a compensation policy. That policy must be adopted by the company's board of directors, after considering the recommendations of the compensation, nominating and corporate governance committee, and will need to be approved by the company's shareholders, which approval requires what we refer to as a Special Majority

Approval for Compensation. A Special Majority Approval for Compensation requires shareholder approval by a majority vote of the shares present and voting at a meeting of shareholders called for such purpose, provided that either: (i) such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such compensation arrangement, excluding abstentions; or (ii) the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the compensation arrangement and who vote against the arrangement does not exceed 2% of the company's aggregate voting rights. Our board of directors has adopted, and our shareholders have approved, a compensation policy effective in connection with our listing on the Nasdaq Stock Market, which policy will be in effect until the fifth anniversary of this offering.

The compensation policy must (subject to certain exemptions) set the framework and limitation for decisions concerning the financial terms of employment or engagement of office holders, including exculpation, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must relate to certain factors, including advancement of the company's long-term objectives, business plan and policies, and creation of appropriate incentives for office holders. It must also consider, among other things, the company's risk management, size and the nature of its operations. The compensation policy must furthermore consider the following additional factors:

- the education, skills, expertise and accomplishments of the relevant office holder;
- the office holder's roles and responsibilities and prior compensation agreements with him or her;
- the relationship between the terms offered and the average compensation of the company's personnel;
- the impact of disparities in salary upon work relationships in the company;
- the possibility of reducing variable compensation at the discretion of the board of directors;
- the possibility of setting a limit on the exercise value of non-cash variable equity-based compensation; and
- as to severance compensation, the period of service of the office holder, the terms of his or her compensation during such service period, the company's performance during that period of service, the person's contribution towards the company's achievement of its goals and the maximization of its profits, and the circumstances under which the person is leaving the company.

The compensation policy must also include the following principles:

- the link between variable compensation and long-term performance and measurable criteria;
- the relationship between variable and fixed compensation, and the ceiling for the value of variable compensation;
- the conditions under which an office holder would be required to repay compensation paid to him or her if it was later shown that the data upon which such compensation was based was inaccurate and was restated in the company's financial statements;
- the minimum holding or vesting period for variable, equity-based compensation; and
- maximum limits for severance compensation.

Compensation, Nominating and Corporate Governance Committee Roles

The compensation, nominating and corporate governance committee is responsible for (i) recommending the compensation policy to our board of directors for its approval (and subsequent approval by our shareholders) and (ii) duties related to the compensation policy and to the compensation of our office holders, including:

- recommending whether a compensation policy should continue in effect, if the then-current policy has a term of greater than five years from a company's initial public offering, or otherwise three years (approval of either a new compensation policy or the continuation of an existing compensation policy must in any case occur five years from a company's initial public offering, or otherwise every three years);
- recommending to the board of directors periodic updates to the compensation policy;
- assessing implementation of the compensation policy;
- determining whether to approve the terms of compensation of certain office holders which, according to the Israeli Companies Law, require the committee's approval; and
- determining whether the compensation terms of a candidate for the position of the chief executive officer of the company needs to be brought to approval of the shareholders.

Our compensation, nominating and corporate governance charter, to be effective upon the closing of this offering, sets forth the responsibilities of the compensation, nominating and corporate committee, which include:

- the responsibilities set forth in the compensation policy;
- reviewing and approving the granting of options and other incentive awards to the extent such authority is delegated by our board of directors; and
- reviewing, evaluating and making recommendations regarding the compensation and benefits for our non-employee directors.

In addition, our compensation, nominating and corporate governance committee is responsible for:

- overseeing our corporate governance functions on behalf of the board;
- making recommendations to the board regarding corporate governance issues;
- identifying and evaluating candidates to serve as our directors consistent with the criteria approved by the board;
- reviewing and evaluating the performance of the board
- serving as a focal point for communication between director candidates, non-committee directors and our management;
- selecting or recommending to the board for selection candidates to the board; and
- making other recommendations to the board regarding affairs relating to our directors.

Disclosure of Compensation of Executive Officers

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 applicable to emerging growth companies to disclose the compensation of our Chief Executive Officer, Chief Financial Officer and other three most highly compensated executive officers on an individual,

rather than on an aggregate, basis. Nevertheless, under regulations promulgated under the Israeli Companies Law, we will be required, after we become a public company, to disclose the annual compensation of our five most highly compensated office holders (as defined under the Israeli Companies Law) on an individual basis. This disclosure will not be as extensive as that required of a U.S. domestic issuer. We intend to commence providing such disclosure, at the latest, in the notice (which is generally part of the proxy statement) for our first annual general meeting of shareholders following this offering, which will be furnished under cover of a Report of Foreign Private Issuer on Form 6-K, or we may elect to provide such information at an earlier date.

Internal Auditor

Under the Israeli Companies Law, the board of directors of an Israeli public company must appoint an internal auditor recommended by the audit committee. An internal auditor may not, among other things, be:

- a person (or a relative of a person) who holds 5% or more of the company's outstanding shares or voting rights;
- a person (or a relative of a person) who has the power to appoint a director or the general manager of the company;
- an office holder (including a director) of the company (or a relative thereof); or
- a member of the company's independent accounting firm, or anyone on its behalf.

The role of the internal auditor is to examine, among other things, our compliance with applicable law and orderly business procedures, and to report to the chief executive officer, the chairman of the board and the chairman of the audit committee. The internal auditor is entitled to receive notice of audit committee meetings and to participate in them. In addition, the internal auditor may request that the chairman of the audit committee convene a meeting within a reasonable time to discuss an issue raised by the internal auditor. The internal auditor is responsible for preparing a proposal for an annual or periodical audit plan and submit such plan to the board of directors or the audit committee for their approval. We intend to appoint an internal auditor following the closing of this offering.

Approval of Related Party Transactions under Israeli Law

Fiduciary Duties of Directors and Executive Officers

The Israeli Companies Law codifies the fiduciary duties that office holders owe to a company. Each person listed in the table under "Executive Officers and Directors" is an office holder under the Israeli Companies Law.

An office holder's fiduciary duties consist of a duty of care and a duty of loyalty. The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of loyalty includes an obligation that an office holder act in good faith and in the best interests of the company.

The duty of care includes a duty to use reasonable means to obtain:

- information on the advisability of a given action brought for his or her approval or performed by virtue of his or her position; and
- all other important information pertaining to any such action.

The duty of loyalty includes a duty to:

- refrain from any conflict of interest between the performance of his or her duties to the company and his or her other duties or personal affairs;
- refrain from any activity that is competitive with the company;
- refrain from exploiting any business opportunity of the company to receive a personal gain for himself or herself or others; and
- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his or her position as an office holder.

Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions

The Israeli Companies Law requires that an office holder promptly disclose to the board of directors any personal interest that he or she may be aware of and all related material information or documents concerning any existing or proposed transaction with the company. An interested office holder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. A personal interest includes an interest of any person in an action or transaction of a company, including a personal interest of such person's relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director or general manager or in which he or she has the right to appoint at least one director or the general manager, but excluding a personal interest stemming from one's ownership of shares in the company.

A personal interest also includes the personal interest of a person for whom the office holder holds a voting proxy or the personal interest of the office holder with respect to his or her vote on behalf of a person for whom he or she holds a proxy even if such person has no personal interest in the matter. An office holder is not, however, required to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered an extraordinary transaction. Under the Israeli Companies Law, an "extraordinary transaction" is defined as a transaction (including a unilateral decision by the company) that:

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

If it is determined that an office holder has a personal interest in a transaction, which is not an extraordinary transaction, approval by the board of directors is required for the transaction, unless the company's articles of association provide for a different method of approval. Further, so long as an office holder has disclosed his or her personal interest in a transaction, the board of directors may approve an action by the office holder that would otherwise be deemed a breach of his or her duty of loyalty. However, a company may not approve a transaction or action that is not in the company's interest or that is not performed by the office holder in good faith.

An extraordinary transaction in which an office holder has a personal interest requires approval first by the company's audit committee and subsequently by the board of directors.

The compensation of, or an undertaking to indemnify or insure, an office holder who is not a director generally requires approval first by the company's compensation committee, then by the company's board of directors. If such compensation arrangement or an undertaking to indemnify or insure is inconsistent with the company's stated compensation policy, or if the office holder is the chief executive officer (apart from a number of specific exceptions), then such arrangement is further subject to a Special Majority Approval for Compensation. If the shareholders of a company

do not approve the compensation terms of office holders at a meeting of the shareholders, other than directors, the compensation committee and board of directors may override the shareholders' decision, subject to certain conditions. Arrangements regarding the compensation, indemnification or insurance of a director require the approval of the compensation committee, board of directors and shareholders by simple majority, in that order, and under certain circumstances, a Special Majority Approval for Compensation.

Generally, a person who has a personal interest in a matter which is considered at a meeting of the board of directors or the audit committee may not be present at such a meeting or vote on that matter unless the chairman of the audit committee or board of directors (as applicable) determines that he or she should be present in order to present the transaction that is subject to approval. If a majority of the members of the audit committee or the board of directors (as applicable) has a personal interest in the approval of a transaction, then all directors may participate in discussions of the audit committee or the board of directors (as applicable) on such transaction and the voting on approval thereof, but shareholder approval is also required for such transaction.

Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions

Pursuant to Israeli law, the disclosure requirements regarding personal interests that apply to directors and executive officers also apply to a controlling shareholder of a public company. In the context of a transaction involving a shareholder of the company, a controlling shareholder also includes a shareholder who holds 25% or more of the voting rights in the company if no other shareholder holds more than 50% of the voting rights in the company. For this purpose, the holdings of all shareholders who have a personal interest in the same transaction will be aggregated.

The approval of the audit committee, the board of directors and the shareholders of the company, in that order, is required for (i) extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, (ii) the engagement with a controlling shareholder or his or her relative, directly or indirectly, for the provision of services to the company, (iii) the terms of engagement and compensation of a controlling shareholder or his or her relative who is not an office holder or (iv) the employment of a controlling shareholder or his or her relative by the company, other than as an office holder. In addition, the shareholder approval requires one of the following, which we refer to as a Special Majority:

- at least a majority of the shares held by all shareholders who do not have a personal interest in the transaction and who are present and voting at the meeting approves the transaction, excluding abstentions; or

- the shares voted against the transaction by shareholders who have no personal interest in the transaction and who are present and voting at the meeting do not exceed 2% of the aggregate 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.

Arrangements regarding the compensation, indemnification or insurance of a controlling shareholder in his or her capacity as an office holder require the approval of the compensation committee, board of directors and shareholders by a Special Majority.

Pursuant to regulations promulgated under the Israeli 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.

Shareholder Duties

Pursuant to the Israeli Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power in the company, including, among other things, in voting at a general meeting and at shareholder class meetings with respect to the following matters:

- an amendment to the company's articles of association;
- an increase of the company's authorized share capital;
- a merger; or
- the approval of related party transactions and acts of office holders that require shareholder approval.

A shareholder also has a general duty to refrain from discriminating against other shareholders.

In addition, certain shareholders have a duty of fairness toward the company. These shareholders include a controlling shareholder, a shareholder who knows that he or she has the power to determine the outcome of a shareholder vote and a shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or other power towards the company. The Israeli Companies Law does not define the substance of the duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness.

Exculpation, Insurance and Indemnification of Directors and Officers

Under the Israeli Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. Our amended and restated articles of association which will be effective upon the closing of this offering include such a provision. A company may not exculpate in advance a director from liability arising out of a breach of the duty of care with respect to a distribution.

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

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

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

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

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

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

- a breach of the duty of care to the company or to a third party, to the extent such a breach arises out of the negligent conduct of the office holder; and

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

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

- a breach of the duty of loyalty, except for indemnification and insurance for a breach of the duty of loyalty to the company to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm the company;

- a breach of the duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;

- an act or omission committed with intent to derive illegal personal benefit; or

- a fine, civil fine, monetary sanction or forfeit levied against the office holder.

Under the Israeli Companies Law, exculpation, indemnification and insurance of office holders in a public company must be approved by the compensation committee and the board of directors and, with respect to certain office holders or under certain circumstances, also by the shareholders. See "Approval of Related Party Transactions under Israeli Law — Fiduciary Duties of Directors and Executive Officers."

Our amended and restated articles of association to be effective upon the closing of this offering will permit us to exculpate, indemnify and insure our office holders to the fullest extent permitted or to be permitted by the Israeli Companies Law.

We intend to obtain directors and officers liability insurance for the benefit of our office holders and intend to increase such coverage in an amount standard for a company of our size prior to the closing of this offering. We intend to maintain such increased coverage and pay all premiums thereunder to the fullest extent permitted by the Israeli Companies Law. In addition, prior to the closing of this offering, we intend to enter into agreements with each of our directors and executive officers exculpating them from liability to us for damages caused to us as a result of a breach of

duty of care and undertaking to indemnify them, in each case, to the fullest extent permitted by our amended and restated articles of association to be effective upon the closing of this offering and Israeli law, including with respect to liabilities resulting from this offering to the extent that these liabilities are not covered by insurance. In the opinion of the SEC, however, indemnification of directors and office holders for liabilities arising under the Securities Act is against public policy and therefore unenforceable.

Code of Business Conduct and Ethics

We will adopt, effective upon the consummation of this offering, a Code of Business Conduct and Ethics applicable to all of our directors and employees, including our Chief Executive Officer, Chief Financial Officer, controller or principal accounting officer, or other persons performing similar functions, which is a "code of ethics" as defined in Item 16B of Form 20-F promulgated by the SEC. Upon the effectiveness of the registration statement of which this prospectus forms a part, the full text of the Code of Business Conduct and Ethics will be posted on our website at www.polypid.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. If we make any amendment to the Code of Business Conduct and Ethics or grant any waivers, including any implicit waiver, from a provision of the code of ethics, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the SEC. Under Item 16B of Form 20-F, if a waiver or amendment of the Code of Business Conduct and Ethics applies to our principal executive officer, principal financial officer, principal accounting officer or controller and relates to standards promoting any of the values described in Item 16B(b) of Form 20-F, we are required to disclose such waiver or amendment on our website in accordance with the requirements of Instruction 4 to such Item 16B.

Compensation of Executive Officers and Directors

The aggregate compensation paid and equity-based compensation and other payments expensed by us to our directors and executive officers with respect to the year ended December 31, 2017 was $2.7 million. This amount does not include business travel, relocation, professional and business association dues and expenses reimbursed to office holders, and other benefits commonly reimbursed or paid by companies in our industry.

As of December 31, 2017, options to purchase 8,430,755 ordinary shares granted to our directors and executive officers were outstanding under our 2012 Share Option Plan at a weighted average exercise price of $0.55 per share. Such number, and the following table, excludes options to purchase up to 4,373,057 ordinary shares, which are contingent upon the closing of this offering. The following table sets forth information regarding options granted to our executive officers and directors during the year ended December 31, 2017:

Name	Grant Date	Stock Options	Exercise Price	Expiration Date
Dan Jacob Gelvan	May 25, 2017	400,000	$ 0.50	May 25, 2027
Dan Jacob Gelvan	November 2, 2017	70,000	$ 0.92	November 2, 2027
Chaim Hurvitz	June 1, 2017	1,534,586	$ 0.49	June 1, 2027
Chaim Hurvitz	November 2, 2017	150,000	$ 0.92	November 2, 2027
Anat Tsour Segal	June 1, 2017	120,000	$ 0.49	June 1, 2027
Anat Tsour Segal	November 2, 2017	150,000	$ 0.92	November 2, 2027
Eli Frydman	November 2, 2017	150,000	$ 0.92	November 2, 2027

Our Chief Executive Officer, Amir Weisberg, and our Chief Technology Officer, Noam Emanuel, each will receive a bonus payment in the amount of 1.0% of the net proceeds to be received by us in connection with this offering, and to our Chief Financial Officer, Dikla Czaczkes Akselbrad, will receive a bonus payment in the amount of 0.5% of the net proceeds to be received by us in connection with this offering, in each case excluding any funds received from our existing shareholders. The following table sets forth information regarding options granted to certain executive officers and directors, which options shall terminate in the event that this offering has not occurred within 11 months of the grant date:

Name	Grant Date	Stock Options	Exercise Price	Expiration Date
Amir Weisberg	November 2, 2017	1,300,000	$ 0.92	November 2, 2027
Dikla Czaczkes Akselbrad	November 2, 2017	600,000	$ 0.92	November 2, 2027
Noam Emanuel	November 2, 2017	1,300,000	$ 0.92	November 2, 2027
Jack Eitan Kyiet	November 2, 2017	150,000	$ 0.92	November 2, 2027
Chaim Hurvitz	June 1, 2017	1,023,057	$ 0.49	June 1, 2027

Our board of directors has adopted a director compensation policy to be effective upon the consummation of this offering, which will provide for cash and equity compensation to be paid to our non-employee directors for their service on the board and its committees. Pursuant to the compensation policy, the maximum annual cash compensation to be paid for service on our board of directors is $40,000, or $60,000 for service as the chairperson of our board. In addition, pursuant to the compensation policy, we may also provide additional compensation for service on our board committees as follows: $7,500 for service on our audit committee, or $15,000 for service as the chairperson of our audit committee, and $5,000 for service on our compensation, nominating and corporate governance committee, or $10,000 for service as the chairperson of our compensation, nominating and corporate governance committee. In addition, we intend to award equity compensation in the form of options to each of our non-employee directors who are serving as of the consummation of this offering to purchase ordinary shares with an exercise price equal to the public offering price in this offering, and for newly appointed directors thereafter, to award equity compensation in the form of options to purchase ordinary shares with an exercise price equal to the fair market value of the shares on the date of grant. We further intend to award on an annual basis equity compensation in the form of options to purchase ordinary shares with an exercise price equal to the fair market value of the shares on the date of grant to each of our non-employee directors. The ordinary shares to be issued to our non-employee directors would be awarded under our 2012 Share Option Plan and the awards to be granted thereunder will be subject to the provisions thereof, including with respect to vesting and termination.

Other than with our Chief Executive Officer, Mr. Amir Weisberg, our Chief Technology Officer, Dr. Noam Emanuel, and our Chief Operating Officer, Mr. Jack Eitan Kyiet, we do not have written agreements with any director providing for benefits upon the termination of their employment with our company. See "— Agreements with Executive Officers."

Agreements with Executive Officers

We currently have employment agreements with all of our executive officers. We contribute (usually following a trial period of three months) monthly amounts for the benefit and on behalf of all our employees located in Israel to a pension fund pursuant to Section 14 of Israel's Severance Pay Law. Employees covered by Section 14 are entitled to monthly deposits at a rate of 8.33% of their monthly salary, made on their behalf by us. Payments in accordance with Section 14 release us from any future severance liabilities in respect of those employees. We do not set aside or accrue any additional amounts to provide pension, severance, retirement or other similar benefits or

expenses. Our executive officers do not receive benefits upon the termination of their respective employment with us, other than benefits under Section 14.

Equity Incentive Plans

Amended and Restated 2012 Share Option Plan

Our Amended and Restated 2012 Share Option Plan, or the 2012 Plan, was adopted by our board of directors on August 29, 2012 and amended on January 30, 2018. The 2012 Plan provides for the grant of options to our directors, employees, office holders, service providers and consultants. As of the date of this prospectus, a total of 7,167,786 shares are reserved but unissued under our 2012 Plan.

The 2012 Plan is administered by our board of directors, which, on its own or upon the recommendation of a remuneration committee or any other similar committee of the board of directors, shall determine, subject to applicable law, the identity of grantees of awards and various terms of the grant. With respect to those grantees subject to Israeli taxation, the 2012 Plan provides for granting options in compliance with Section 102 of the Israeli Income Tax Ordinance, 1961, or the Ordinance, under the capital gains track, and for grants to non-employee Israeli service providers, consultants and shareholders who hold 10% or more of our total share capital or are otherwise controlling shareholders pursuant to section 3(i) of the Ordinance, as further detailed below.

Section 102 of the Ordinance allows employees, directors and officers who are not controlling shareholders and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares or options. Our non-employee service providers and controlling shareholders may only be granted options under section 3(i) of the Ordinance, which does not provide for similar tax benefits. Section 102 includes two alternatives for tax treatment involving the issuance of options or shares to a trustee for the benefit of the grantees and also includes an additional alternative for the issuance of options or shares directly to the grantee. Section 102(b)(2) of the Ordinance, the most favorable tax treatment for the grantee, permits the issuance to a trustee under the "capital gain track." However, under this track we are not allowed to deduct an expense with respect to the issuance of the options or shares.

Generally, options will not be exercisable before the first anniversary of the date of grant of options, with respect to the 33.0% of the option shares, and with respect to each additional 8.375% of the option shares, become exercisable at the end of each three-month period during the second and third years from the date of grant. Generally, options that are not exercised within ten years from the grant date shall expire.

Other than by will or laws of descent, neither the options nor any right in connection with such options are assignable or transferable. If we terminate a grantee's employment or service for cause, all of the grantee's vested and unvested options will expire on the date of termination. Also, and subject to applicable law, if the grantee's employment or services is terminated for cause, then the Company shall have a right of repurchase against any shares issued pursuant to the exercise of options. In the event that the Company shall exercise such right of repurchase, the Company shall pay such grantee for each such share being repurchased an amount equal to the price originally paid by the grantee for such share. Alternatively, the Company may assign such rights of repurchase to its shareholders pro rata to their respective holdings of the Company's issued and outstanding shares.

If we are party to a merger or consolidation, outstanding options and shares acquired under the 2012 Plan will be subject to the agreement of merger or consolidation, which will provide for one or more of the following: (i) the assumption of such options by the surviving corporation or its

parent, (ii) the substitution by the surviving corporation or its parent of new options, or (iii) in the event that the successor entity neither assumes nor substitutes all outstanding options, then each respective grantee shall have a period of 15 days to exercise his or her vested options, after which all remaining options, whether vested or not shall expire. For certain individuals, if their position is terminated within a certain period after the transaction, their options shall accelerate.

In the event of any variation in our share capital, including a share dividend, share split, combination or exchange of shares, recapitalization, or any other like event, the number, class and kind of shares subject to the 2012 Plan and outstanding options, and the exercise prices of the options, will be appropriately and equitably adjusted so as to maintain the proportionate number of shares without changing the aggregate exercise price of the options.

On January 30, 2018, our board of directors adopted an appendix to the 2012 Plan for U.S. residents, which was approved by the shareholders on February 8, 2018. Under this appendix, the 2012 Plan provides for the granting of options to U.S. residents in compliance with the U.S. Internal Revenue Code of 1986, as amended.

PRINCIPAL SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of December 31, 2017 by:

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

The beneficial ownership of our ordinary shares is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power, or the right to receive the economic benefit of ownership. For purposes of the table below, we deem ordinary shares issuable pursuant to options that are currently exercisable or exercisable within 60 days of December 31, 2017 to be outstanding and to be beneficially owned by the person holding the options 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.

The percentage of shares beneficially owned has been computed on the basis of 101,288,734 ordinary shares outstanding as of December 31, 2017, which reflects the assumed exercise for cash of all of our warrants to purchase Series A preferred shares and Series D-2 preferred shares and the subsequent conversion of all of our preferred shares into ordinary shares.

As of December 31, 2017 and based on their reported registered office, 15 of our shareholders were U.S. persons, holding in aggregate approximately 13.6% of our outstanding ordinary shares immediately prior to this offering. We have also set forth below information known to us regarding any significant change in the percentage ownership of our ordinary shares by any major shareholders during the past three years. Except where otherwise indicated, we believe, based on information furnished to us by such owners, that the beneficial owners of the ordinary shares listed below have sole investment and voting power with respect to such shares.

Following the closing of this offering, all of our shareholders, including the shareholders listed below, will have the same voting rights attached to their ordinary shares, and neither our principal shareholders nor our directors and executive officers will have different or special voting rights with respect to their ordinary shares. See "Description of Share Capital — Voting Rights." A description of any material relationship that our principal shareholders have had with us or any of our predecessors or affiliates within the past three years is included under "Certain Relationships and Related Party Transactions."

Unless otherwise noted below, the address of each shareholder, director and executive officer is c/o PolyPid Ltd., 18 Hasivim Street, P.O. Box 7126 Petach Tikva, 4959376 Israel.

Name of beneficial owner	Ordinary shares beneficially owned	Percentage of ordinary shares beneficially owned	
		Before offering	After offering
5% or Greater Shareholders			
Aurum Ventures M.K.I. Ltd.(1)	18,555,314	18.3%	%
Shavit Capital Fund III (US), L.P.(2)	9,236,002	9.1%	%
Xenia Venture Capital Ltd.(3)	6,187,682	6.1%	%
Friendly Angels Club L.L.P.(4)	5,779,535	5.7%	%
Shirat Hachaim Ltd.(5)	5,871,527	5.8%	%
Directors and Executive Officers			
Amir Weisberg(6)	3,641,868	3.5%	
Dikla Czaczkes Akselbrad(7)	365,351	*	%
Chaim Hurvitz(8)	6,225,045	5.9%	
Anat Tsour Segal(9)	132,500	*	%
Yechezkel Barenholz, Ph.D.(10)	450,000	*	%
Noam Emanuel, Ph.D.(11)	4,505,813	4.3%	%
Jack Eitan Kyiet.(12)	6,061,618	5.7%	%
Eli Frydman Ph.D.(13)	12,500	*	%
Dan Jacob Gelvan, Ph.D.(14)	186,415	*	%
Jacob Harel	—	—	%
All directors and executive officers as a group (10 persons)	21,581,110	21.3%	%

* Indicates beneficial ownership of less than 1% of the total ordinary shares outstanding.

(1) Consists of (i) 10,739,649 ordinary shares issuable upon conversion of preferred shares and (ii) 7,815,665 ordinary shares issuable upon exercise of outstanding warrants to purchase preferred shares and the automatic conversion thereof into ordinary shares. Cropwell Limited is the beneficial owner of the shares owned by Aurum Ventures M.K.I. Ltd. Cropwell Limited is owned in equal parts by Brock Nominees Limited and Tenby Nominees Limited, as nominees for Credit Suisse Trust as trustee of the MK Special Assets Trust, the sole beneficiary of which is The MK Trust, of which Morris Kahn is the sole beneficiary. The address of Aurum Ventures M.K.I. Ltd. is 16 Abba Hillel Silver Street, Aurec House, Ramat Gan, 52506 Israel. The percentage ownership of Aurum Ventures M.K.I. Ltd. increased from 4.7% in September 2014 to 18.3% in December 2017.

(2) Consists of (i) 4,295,815 ordinary shares issuable upon conversion of preferred shares and (ii) 4,940,187 ordinary shares issuable upon exercise of outstanding warrants to purchase preferred shares and the automatic conversion thereof into ordinary shares. The general partner of Shavit Capital Fund III (US), L.P. is Shavit Capital Fund GP, L.P., which is managed by Shavit Capital Management 3 (GP) Ltd. in its capacity as the general partner. The controlling shareholder of Shavit Capital Management 3 (GP) Ltd. is Rosigal Consultancy and Investments Ltd., or Rosigal. The controlling shareholder of Rosigal is Gary Leibler. The address of Shavit Capital Fund III (US), L.P. is Jerusalem Technology Park, Building 1B, Box 70, Malha, Jerusalem, 96951 Israel. Shavit Capital Fund III (US), L.P. did not own any shares in September 2014.

(3) Consists of (i) 5,737,682 ordinary shares issuable upon conversion of preferred shares and (ii) 450,000 ordinary shares issuable upon exercise of outstanding warrants to purchase preferred shares and the automatic conversion thereof into ordinary shares. is the beneficial owner of the shares owned by Xenia Venture Capital Ltd. The address of Xenia Venture Capital Ltd. is Igal Alon 76, Tel Aviv, Israel. The percentage ownership of Xenia Venture Capital Ltd decreased from 17.6% in September 2014 to 6.1% in December 2017.

(4) Consists of (i) 5,539,854 ordinary shares issuable upon conversion of preferred shares and (ii) 239,681 ordinary shares issuable upon exercise of outstanding warrants to purchase preferred shares and the automatic conversion

thereof into ordinary shares. Eitan Kyiet is the beneficial owner of the shares owned by Friendly Angels Club L.L.P. The address of Friendly Angels Club L.L.P. is Haifa, 34987, Rehov Frank Peleg 6, Israel. The percentage ownership of Friendly Angels Club L.L.P. decreased from 13.5% in September 2014 to 5.7% in December 2017.

(5) Consists of (i) 5,089,961 ordinary shares issuable upon conversion of preferred shares and (ii) 781,566 ordinary shares issuable upon exercise of outstanding warrants to purchase preferred shares and the automatic conversion thereof into ordinary shares. Chaim Hurvitz is the beneficial owner of Shirat Hachaim Ltd. The address of Shirat Hachaim Ltd. is 31 Yavne Street, Tel Aviv, Israel 65792. The percentage ownership of Shirat Hachaim Ltd. increased from 2.6% in September 2014 to 5.8% in December 2017.

(6) Consists of (i) 1,225,635 ordinary shares issuable upon conversion of preferred shares and (ii) 2,416,233 ordinary shares issuable upon exercise of outstanding options.

(7) Consists of 365,351 ordinary shares issuable upon exercise of outstanding options.

(8) Consists of (i) 353,518 ordinary shares issuable upon exercise of outstanding options and (ii) beneficial ownership of the shares set forth in note 5 above held by Shirat Hachaim Ltd.

(9) Consists of 132,500 ordinary shares issuable upon exercise of outstanding options.

(10) Consists of 450,000 ordinary shares issuable upon exercise of outstanding options.

(11) Consists of (i) 1,700,000 ordinary shares and (ii) 2,805,813 ordinary shares issuable upon exercise of outstanding options.

(12) Consists of (i) 282,083 ordinary shares issuable upon exercise of outstanding options and (ii) beneficial ownership of the shares set forth in note 4 above held by Friendly Angels Club L.L.P.

(13) Consists of 12,500 ordinary shares issuable upon exercise of outstanding options.

(14) Consists of (i) 108,564 ordinary shares issuable upon conversion of preferred shares, (ii) 41,684 ordinary shares issuable upon exercise of outstanding warrants to purchase preferred shares and conversion thereof into ordinary shares and (iii) 39,167 ordinary shares issuable upon exercise of outstanding options.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of the material terms of those transactions with related parties to which we, or our subsidiaries, are party.

Private Placements of our Securities

Sale of Series B Shares

In December 2012, October 2013 and June 2014, we entered into share purchase agreements for the sale of Series B-1 preferred shares. In June 2014, we entered into a share purchase agreement with certain investors, including some of our directors, executive officers and holders of greater than 5% of our ordinary shares, pursuant to which we issued a total of 6,605,019 Series B-1 preferred shares for an aggregate price of $4.0 million, or the June 2014 Series B Private Placement. The following table sets forth the aggregate number of shares of Series B-1 preferred shares issued to our related parties in the June 2014 Series B Private Placement:

Participant	Series B-1 Preferred Shares
Dan Gelvan	66,050
Friendly Angels Club L.L.P.	1,430,337
Shirat Hachaim Ltd.	330,251
Xenia Venture Capital Ltd.	708,482
Yechezkel Berenholtz	85,550
Aurum Ventures M.K.I. Ltd.	1,651,255

Sale of Series C Shares

In June 2015, we entered into a share purchase agreement with certain investors, including holders of greater than 5% of our ordinary shares, pursuant to which we issued a total of 3,432,570 Series C-2 preferred shares for an aggregate price of $3.8 million, or the Series C Private Placement. The following table sets forth the aggregate number of shares of Series C-2 preferred shares issued to our related parties in the Series C Private Placement:

Participant	Series C-2 Preferred Shares
Aurum Ventures M.K.I. Ltd.	453,110
Dan Jacob Gelvan	6,267
Shirat Hachaim Ltd.	453,110

Sales of Series D Shares

In February 2016, we entered into a share purchase agreement with certain investors, including holders of greater than 5% of our ordinary shares, pursuant to which we issued a total of 19,887,076 Series D-1 preferred shares for an aggregate price of $21.9 million, or the Series D-1 Private Placement. As part of the Series D-1 Private Placement, we also issued warrants to purchase up to 163,109 Series D-1 preferred shares, at an exercise price of $1.27 per share, and warrants to purchase up to 20,050,185 Series D-2 preferred shares, at an exercise price of $1.27 per share, or the Series D-2 Warrants. The Series D-2 Warrants provided for the issuance of additional warrants to purchase Series D-2 preferred shares, and an adjustment to the exercise price, if we did not complete an initial public offering in the United States by December 31, 2016. In January 2017, we issued additional warrants to purchase up to 3,007,527 Series D-2 preferred shares, at an exercise price of $1.10 per share, and the exercise price of the Series D-2 Warrants

was reduced to $1.10 per share. The following table sets forth the aggregate number of shares of Series D-1 preferred shares and warrants to purchase Series D-2 preferred shares issued to our related parties in the Series D-1 Private Placement:

Participant	Series D-1 Preferred Shares	Series D-2 Warrants
Aurum Ventures M.K.I. Ltd.	6,796,230	7,815,665
Dan Jacob Gelvan	36,247	41,684
Friendly Angels Club L.L.P.	208,418	239,681
Shavit Capital Fund III (US), L.P.	4,295,815	4,940,187
Shirat Hachaim Ltd.	679,623	781,566

In August 2016, we entered into a share purchase agreement with certain investors, including one of our holders of greater than 5% of our ordinary shares, pursuant to which we issued a total of 4,827,975 Series D-3 preferred shares for an aggregate price of $5.3 million, or the Series D-3 Private Placement. The following table sets forth the aggregate number of shares of Series D-3 preferred shares issued to our related parties in the Series D-3 Private Placement:

Participant	Series D-3 Preferred Shares
Shirat Hachaim Ltd.	297,348

Sale of Series E Shares

In the third and fourth quarters of 2017, we entered into share purchase agreements with certain investors, including one of our holders of greater than 5% of our ordinary shares, pursuant to which we issued a total of 9,424,295 Series E preferred shares for an aggregate purchase price of $15.0 million, or the Series E Private Placement. The following table sets forth the aggregate number of shares of Series E preferred shares issued to our related parties in the Series E Private Placement:

Participant	Series E Preferred Shares
Shirat Hachaim Ltd.	887,884

Convertible Loan Agreements

In December 2014 and January 2015, we entered into convertible loan agreements with certain of our holders of greater than 5% of our ordinary shares, for an aggregate principal amount of $4,410,000, bearing an annual interest rate of 4.0%. The principal amount of the loan agreements and accrued interest converted automatically into 5,405,210 Series C-1 preferred shares upon the closing of the Series C Private Placement, or the Series C conversion. The following table sets forth the aggregate number of shares of Series C-2 preferred shares issued to our related parties pursuant to the Series C conversion:

Participant	Original Loan Amount	Series C-1 Preferred Shares Converted into in June 2015
Aurum Ventures MKI Ltd.	$ 1,500,000	1,839,054
Friendly Angels Club L.L.P.	$ 500,000	608,513
Shirat Hachaim Ltd.	$ 1,500,000	1,844,814

Investor Rights Agreement

We are party to an amended and restated investor rights agreement, or the IRA, with certain of our shareholders. The IRA provides that certain holders of our ordinary shares have the right to demand that we file a registration statement or request that their ordinary shares be covered by a registration statement that we are otherwise filing. The registration rights are described in more detail under "Description of Share Capital — Registration Rights." All rights under the Registration Rights Agreement, other than the registration rights, will terminate upon the closing of this offering.

Agreements and Arrangements With, and Compensation of, Directors and Executive Officers

Certain of our executive officers have employment agreements with the Company. These agreements will terminate at the closing of this offering and will be replaced by new employment agreements, which will contain customary provisions and representations, including confidentiality, non-competition, non-solicitation and inventions assignment undertakings by the executive officers. Under current applicable Israeli employment laws, we may not be able to enforce (either in whole or in part) covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees. See "Management — Compensation of Executive Officers and Directors."

Indemnification Agreements

Our amended and restated articles of association permit us to exculpate, indemnify and insure each of our directors and office holders to the fullest extent permitted by the Israeli Companies Law. Upon the closing of this offering, we intend to enter into indemnification agreements with each of our directors and executive officers, undertaking to indemnify them to the fullest extent permitted by Israeli law, including with respect to liabilities resulting from a public offering of our shares, to the extent that these liabilities are not covered by insurance. We have also obtained directors and officers insurance for each of our executive officers and directors. For further information, see "Management — Exculpation, Insurance and Indemnification of Directors and Officers."

DESCRIPTION OF SHARE CAPITAL

The following descriptions of our share capital and provisions of our amended and restated articles of association which will be effective upon the closing of this offering are summaries and do not purport to be complete. A form of our amended and restated articles of association will be filed with the SEC as an exhibit to our registration statement, of which this prospectus forms a part. The description of the ordinary shares reflects changes to our capital structure that will occur upon the closing of this offering.

General

Upon the closing of this offering, our authorized share capital will consist of NIS 35,000,000 divided into ordinary shares, with a nominal value NIS per share, of which shares will be issued and outstanding (assuming that the underwriters do not exercise their option to purchase additional ordinary shares prior thereto).

All of our outstanding ordinary shares are validly issued, fully paid and non-assessable. Our ordinary shares are not redeemable and do not have any preemptive rights.

All ordinary shares have identical voting and other rights in all respects.

Registration Number and Purpose of the Company

Our registration number with the Israeli Registrar of Companies is 514105923. Our purpose as set forth in our amended and restated articles of association is to engage in any lawful activity. Following the completion of this offering and the resulting registration of our shares for trading, our registration number is expected to change to reflect our becoming a public company.

Conversion of Preferred Shares

Upon the closing of this offering, all of our preferred shares outstanding will automatically convert into ordinary shares, and will have no further preferences, privileges or priority rights of any kind.

Transfer of Shares

Our fully paid ordinary shares are issued in registered form and may be freely transferred under our amended and restated articles of association, unless the transfer is restricted or prohibited by another instrument, applicable law or the rules of a stock exchange on which the shares are listed for trading. The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our amended and restated articles of association or the laws of the State of Israel, except for ownership by nationals of some countries that are, or have been, in a state of war with Israel.

Election of Directors

Our ordinary shares do not have cumulative voting rights for the election of directors. As a result, the holders of a majority of the voting power represented at a meeting of shareholders have the power to elect all of our directors.

Under our amended and restated articles of association to be effective upon the closing of this offering, our board of directors must consist of at least five and not more than eleven directors. Our board of directors will consist of seven directors upon the closing of this offering.

Pursuant to our amended and restated articles of association, each of our directors, will be appointed by a vote of the majority of the total voting power of our company, participating and

voting at an annual general meeting of our shareholders. Each director will serve until the next annual general meeting following his or her election and his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal by a vote of 65% of the total voting power of our company at a general meeting of our shareholders or until his or her office expires by operation of law. In addition, our amended and restated articles of association allow our board of directors to appoint directors to fill vacancies on the board of directors, including filling empty board seats up to the maximum number of directors permitted under our articles of association, to serve until the next annual general meeting of shareholders. Our amended and restated articles of association do not have a retirement age requirement for our directors.

Dividend and Liquidation Rights

We may declare a dividend to be paid to the holders of our ordinary shares in proportion to their respective shareholdings. Under the Israeli Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless the company's articles of association provide otherwise. Our amended and restated articles of association do not require shareholder approval of a dividend distribution and provide that dividend distributions may be determined by our board of directors.

Pursuant to the Israeli Companies Law, the distribution amount is limited to the greater of retained earnings or earnings generated over the previous two years, according to our then last reviewed or audited financial statements, provided that the end of the period to which the financial statements relate is not more than six months prior to the date of the distribution. If we do not meet such criteria, then we may distribute dividends only with court approval. In each case, we are only permitted to distribute a dividend if our board of directors and the court, if applicable, determines that there is no reasonable concern that payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

Exchange Controls

There are currently no Israeli currency control restrictions on remittances of dividends on our ordinary shares, proceeds from the sale of the shares or interest or other payments to non-residents of Israel, except for shareholders who are subjects of countries that are, or have been, in a state of war with Israel.

Shareholder Meetings

Under Israeli law, we are required to hold an annual general meeting of our shareholders once every calendar year that must be held no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to in our amended and restated articles of association as extraordinary meetings. Our board of directors may call extraordinary meetings whenever it sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Israeli Companies Law provides that our board of directors is required to convene an extraordinary meeting upon the written request of (i) any two or more of our directors or one-quarter or more of the members of our board of directors, or (ii) one or more shareholders holding, in the aggregate, either (a) 5% or more of our

outstanding issued shares and 1% of our outstanding voting power, or (b) 5% or more of our outstanding voting power.

Subject to the provisions of the Israeli Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings are the shareholders of record on a date to be decided by the board of directors, which may be between four and 40 days prior to the date of the meeting. Furthermore, the Israeli Companies Law requires that resolutions regarding the following matters must be passed at a general meeting of our shareholders:

- amendments to our articles of association;
- appointment or termination of our auditors
- appointment of external directors (if applicable);
- approval of certain related party transactions;
- increases or reductions of our authorized share capital;
- a merger; and
- the exercise of our board of director's powers by a general meeting, if our board of directors is unable to exercise its powers and the exercise of any of its powers is required for our proper management.

The Israeli Companies Law requires that a notice of any annual general meeting or extraordinary meeting be provided to shareholders at least 21 days prior to the meeting and if the agenda of the meeting includes the appointment or removal of directors, the approval of transactions with office holders or interested or related parties, or an approval of a merger, notice must be provided at least 35 days prior to the meeting.

Under Israeli Companies Law, whenever we cannot convene or conduct a general meeting in the manner prescribed under the law or our articles of association, the court may, upon our, shareholders' or directors' request, order that we convene and conduct a general meeting in the manner the court deems appropriate.

Voting Rights

Quorum Requirements

Pursuant to our amended and restated articles of association, holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote before the shareholders at a general meeting. As a foreign private issuer, the quorum required for our general meetings of shareholders consists of at least two shareholders present in person, by proxy or by other voting instrument in accordance with the Israeli Companies Law who hold or represent between them at least $33^{1}/_{3}\%$ of the total outstanding voting rights. A meeting adjourned for lack of a quorum is generally adjourned to the same day in the following week at the same time and place or to a later time or date if so specified in the notice of the meeting. At the reconvened meeting, any shareholder present in person or by proxy shall constitute a lawful quorum.

Vote Requirements

Our amended and restated articles of association provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by the Israeli Companies Law or by our amended and restated articles of association. Under the Israeli Companies Law, among others, each of (i) the approval of an extraordinary transaction with a controlling

shareholder, and (ii) the terms of employment or other engagement of the controlling shareholder of the company or such controlling shareholder's relative (even if such terms are not extraordinary) requires the approval described above under "Management — Approval of Related Party Transactions under Israeli Law — Fiduciary Duties of Directors and Executive Officers — Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions." Additionally, (i) the approval and extension of a compensation policy and certain deviations therefrom require the approvals described above under "Management — Compensation Committee — Israeli Companies Law Requirements," and (ii) the terms of employment or other engagement of the chief executive officer of the company require the approvals described above under "Management — Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions." Under our amended and restated articles of association, (i) the removal of a director from office requires the adoption of a resolution at a general meeting of shareholders by 65% of the total voting power of our company; and (ii) the alteration of the rights, privileges, preferences or obligations of any class of our shares requires a simple majority of the class so affected (or such other percentage of the relevant class that may be set forth in the governing documents relevant to such class), in addition to the ordinary majority vote of all classes of shares voting together as a single class at a shareholder meeting.

Further exceptions to the simple majority vote requirement are a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganization, of the company pursuant to Section 350 of the Israeli Companies Law, that governs the settlement of debts and reorganization of a company, which requires the approval of holders of 75% of the voting rights represented at the meeting and voting on the resolution.

Access to Corporate Records

Under the Israeli Companies Law, shareholders are provided access to: minutes of our general meetings; our shareholders register and principal shareholders register, articles of association and annual audited 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 Israeli 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.

Modification of Class Rights

Under the Israeli Companies Law and our amended and restated articles of association, the rights attached to any class of shares, such as voting, liquidation and dividend rights, may be amended by adoption of a resolution by the holders of a majority of the shares of that class present at a separate class meeting, or otherwise in accordance with the rights attached to such class of shares, as set forth in our amended and restated articles of association.

Registration Rights

We are party to the IRA with certain of our shareholders. Under the IRA, holders of a total of of our ordinary shares, which reflects the assumed exercise for cash of all of our warrants to purchase preferred shares and the subsequent conversion of all of our preferred shares into ordinary shares, will have the right to require us to register their ordinary shares under the Securities Act under specified circumstances and will have incidental registration rights as described below.

Demand Registration Rights

At any time beginning six months after the consummation of this offering, the holders of at least 50% of the registrable securities then outstanding may request that we file a registration statement (including, once we are eligible to use Form F-3, which we anticipate will occur twelve months following the consummation of this offering, a registration of the sale of their shares on a delayed or continuous basis under Form F-3, and in such case pursuant to a demand of at least 50% of the registrable securities then outstanding held by at least two classes of holders) with respect to the registrable securities held by them. This demand right is subject to an anticipated aggregate offering price, net of selling expenses, of at least $4.0 million in an ordinary demand registration and $1.0 million for a registration on Form F-3. Upon receipt of such registration request, we are obligated to use our best efforts to effect, as soon as practicable, the registration under the Securities Act of all registrable securities that the Holders request to be registered. Our shareholders have the right to utilize their demand rights up to two times for an ordinary demand and up to two times for registration on Form F-3.

We will not be obligated to file a registration statement at any such time if in the good faith judgment of our board of directors (as reflected in a certificate delivered by our chief executive officer or the chairman of our board of directors), such registration would be seriously detrimental to our company, provided that we do not use that exemption more than once in any 12 month period. We also have the right not to effect or take any action to effect a registration statement during the period starting with the date 60 days prior to our good faith estimate of the date of the filing of, and ending on a date 180 days following the effective date of, a Company-initiated registration statement.

Piggyback Registration Rights

In addition, if we register any of our ordinary shares in connection with the public offering of such securities solely for cash, the holders of all registrable securities are entitled to notice of the registration and to include all or a portion of their registrable securities in the registration. If the public offering that we are effecting is underwritten, the right of any shareholder to include shares in the registration related thereto is conditioned upon the shareholder accepting the terms of the underwriting as agreed between us and the underwriters. Each shareholder may furthermore only include such quantity of registrable securities as the underwriters in their sole discretion determine will not jeopardize the success of our offering.

Expenses

We will pay all registration expenses (other than underwriting discounts and selling commissions) and the reasonable fees and expenses of a single counsel for the selling shareholders, related to any demand or piggyback registration.

Acquisitions under Israeli Law

Full Tender Offer

A person wishing to acquire shares of an Israeli public company and who would as a result hold over 90% of the target company's issued and outstanding share capital is required by the Israeli Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company. A person wishing to acquire shares of a public Israeli company and who would as a result hold over 90% of the issued and outstanding share capital of a certain class of shares is required to make a tender offer to all of the shareholders who hold shares of the relevant class for the purchase of all of the issued and outstanding shares of that class. If the shareholders who do not accept the offer hold less than 5%

of the issued and outstanding share capital of the company or of the applicable class, and more than half of the shareholders who do not have a personal interest in the offer accept the offer, all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. However, a tender offer will also be accepted if the shareholders who do not accept the offer hold less than 2% of the issued and outstanding share capital of the company or of the applicable class of shares.

Upon a successful completion of such a full tender offer, any shareholder that was an offeree in such tender offer, whether such shareholder accepted the tender offer or not, may, within six months from the date of acceptance of the tender offer, petition an Israeli court to determine whether the tender offer was for less than fair value and that the fair value should be paid as determined by the court. However the offeror may include in the terms of the tender offer that an offeree who accepted the offer will not be entitled to petition the Israeli court as described above.

If (i) the shareholders who did not respond or accept the tender offer hold at least 5% of the issued and outstanding share capital of the company or of the applicable class or the shareholders who accept the offer constitute less than a majority of the offerees that do not have a personal interest in the acceptance of the tender offer, or (ii) the shareholders who did not accept the tender offer hold 2% or more of the issued and outstanding share capital of the company (or of the applicable class), the acquirer may not acquire shares from shareholders who accepted the tender offer that will increase its holdings to more than 90% of the company's issued and outstanding share capital or of the applicable class.

Special Tender Offer

The Israeli Companies Law provides that, subject to certain exceptions, an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of 25% or more of the voting rights in the company. This requirement does not apply if there is already another holder of at least 25% of the voting rights in the company. Similarly, the Israeli Companies Law provides that, subject to certain exceptions, an acquisition of shares in a public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company.

A special tender offer must be extended to all shareholders of a company. A special tender offer may be consummated only if (i) the offeror acquired shares representing at least 5% of the voting power in the company and (ii) the number of shares tendered by shareholders who accept the offer exceeds the number of shares held by shareholders who object to the offer (excluding the offeror, controlling shareholders, 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.

Merger

The Israeli Companies Law permits merger transactions if approved by each party's board of directors and, unless certain requirements described under the Israeli Companies Law are met, by

a majority vote of each party's shareholders. In the case of the target company, approval of the merger further requires a majority vote of each class of its shares.

For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the votes of shares represented at the meeting of shareholders that are held by parties other than the other party to the merger, or by any person (or group of persons acting in concert) who holds (or hold, as the case may be) 25% or more of the voting rights or the right to appoint 25% or more of the directors of the other party, vote against the merger. If, however, the merger involves a merger with a company's own controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same Special Majority approval that governs all extraordinary transactions with controlling shareholders (as described under "Management — Approval of Related Party Transactions under Israeli Law — Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions").

If the transaction would have been approved by the shareholders of a merging company but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the petition of holders of at least 25% of the voting rights of a company. For such petition to be granted, the court must find that the merger is fair and reasonable, taking into account the respective values assigned to each of the parties to the merger and the consideration offered to the shareholders of the target company.

Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging entities, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be consummated unless at least 50 days have passed from the date on which a proposal for approval of the merger is filed with the Israeli Registrar of Companies and at least 30 days have passed from the date on which the merger was approved by the shareholders of each party.

Anti-Takeover Measures under Israeli Law

The Israeli Companies Law allows us to create and issue shares having rights different from those attached to our ordinary shares, including shares providing certain preferred rights with respect to voting, distributions or other matters and shares having preemptive rights. As of the closing of this offering, no preferred shares will be authorized under our amended and restated articles of association. In the future, if we do authorize, create and issue a specific class of preferred shares, such class of shares, depending on the specific rights that may be attached to it, may have the ability to frustrate or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of their ordinary shares. The authorization and designation of a class of preferred shares will require an amendment to our amended and restated articles of association, which requires the prior approval of the holders of a majority of the voting power attaching to our issued and outstanding shares and voting at a general meeting. The convening of the meeting, the shareholders entitled to participate and the majority vote required to be obtained at such a meeting will be subject to the requirements set forth in the Israeli Companies Law as described above in "— Voting Rights."

Borrowing Powers

Pursuant to the Israeli Companies Law and our amended and restated articles of association, our board of directors may exercise all powers and take all actions that are not required under law

or under our amended and restated articles of association to be exercised or taken by our shareholders, including the power to borrow money for company purposes.

Changes in Capital

Our amended and restated articles of association enable us to increase or reduce our share capital. Any such changes are subject to the provisions of the Israeli Companies Law and must be approved by a resolution duly passed by our shareholders at a general meeting by voting on such change in the capital. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings or profits, require the approval of both our board of directors and an Israeli court.

Transfer Agent and Registrar

The transfer agent and registrar for our ordinary shares is American Stock Transfer & Trust Company, LLC. Its address is 6201 15th Avenue, Brooklyn, NY 11219.

Listing

Application has been made to have our ordinary shares listed on The Nasdaq Global Market under the symbol "POLY."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, no public market existed for our ordinary shares. Sales of substantial amounts of our ordinary shares following this offering, or the perception that these sales could occur, could adversely affect prevailing market prices of our ordinary shares and could impair our future ability to obtain capital, especially through an offering of equity securities. Assuming that the underwriters do not exercise in full their option to purchase additional ordinary shares with respect to this offering and assuming no exercise of options outstanding following this offering, we will have an aggregate of ordinary shares outstanding upon the closing of this offering. 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 "affiliates" (as that term is defined under Rule 144 of the Securities Act, or Rule 144), who may sell only the volume of shares described below and whose sales would be subject to additional restrictions described below.

The remaining ordinary shares will be held by our existing shareholders and will be deemed to be "restricted securities" under Rule 144. Subject to certain contractual restrictions, including the lock-up agreements described below, restricted securities may only be sold in the public market pursuant to an effective registration statement under the Securities Act or pursuant to an exemption from registration under Rule 144, Rule 701 or Rule 904 under the Securities Act. These rules are summarized below. Sales of these shares in the public market after the restrictions under the lock-up agreements lapse, or the perception that those sales may occur, could cause the prevailing market price of our ordinary shares to decrease or to be lower than it might be in the absence of those sales or perceptions.

Eligibility of Restricted Shares for Sale in the Public Market

The following indicates approximately when the ordinary shares that are not being sold in this offering, but which will be outstanding at the time at which this offering is complete, will be eligible for sale into the public market under the provisions of Rule 144 and Rule 701 (but subject to the further contractual restrictions arising under the lock-up agreements described below):

- upon the closing of this offering, ordinary shares held by non-affiliates of our company that have been held for at least one year will be available for resale under Rule 144(b)(1)(ii);

- beginning 90 days after the closing of this offering, up to approximately ordinary shares, constituting shares issuable upon exercise of outstanding options under our 2012 Plan that have vested as of , or within 60 days of , , may be eligible for resale under Rule 701 and Rule 144, of which approximately are held by our affiliates and would therefore be subject to the volume, current public information, manner of sale and other limitations under Rule 144; and

- approximately ordinary shares will be eligible for resale pursuant to Rule 144 upon the expiration of various six month holding periods, so long as at least 90 days have elapsed after the closing of this offering, and subject to the current public information requirement under Rule 144 and, in the case of affiliates of our company, such eligibility will also be subject to the volume, manner of sale and other limitations under Rule 144.

Lock-Up Agreements

We, all of our directors and executive officers and holders of substantially all of our outstanding shares and our shares issuable upon the exercise of options and warrants have signed lock-up agreements. Pursuant to such lock-up agreements, such persons have agreed, subject to certain exceptions, not to sell or otherwise dispose of ordinary shares or any securities convertible into or exchangeable for ordinary shares for a period of 180 days after the date of this prospectus

without the prior written consent of Goldman Sachs & Co. LLC and Cowen and Company, LLC. Goldman Sachs & Co. LLC and Cowen and Company, LLC may, in their sole discretion, at any time without prior notice, release all or any portion of the ordinary shares from the restrictions in any such agreement.

Rule 144

Shares Held for Six Months

In general, under Rule 144 as currently in effect, and subject to the terms of any lock-up agreement, commencing 90 days after the closing of this offering, a person (or persons whose shares are aggregated), including an affiliate, who has beneficially owned our ordinary shares for six months or more, including the holding period of any prior owner other than one of our affiliates (i.e., commencing when the shares were acquired from our company or from an affiliate of our company as restricted securities), is entitled to sell our shares, subject to the availability of current public information about us. In the case of an affiliate shareholder, the right to sell is also subject to the fulfillment of certain additional conditions, including manner of sale provisions and notice requirements, and to a volume limitation that limits the number of shares to be sold thereby, within any three-month period, to the greater of:

- 1% of the number of ordinary shares then outstanding; or
- the average weekly trading volume of our ordinary shares on the Nasdaq Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

The six month holding period of Rule 144 does not apply to sales of unrestricted securities. Accordingly, persons who hold unrestricted securities may sell them under the requirements of Rule 144 described above without regard to the six-month holding period, even if they were considered our affiliates at the time of the sale or at any time during the ninety days preceding such date.

Shares Held by Non-Affiliates for One Year

Under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who is not considered to have been one of our affiliates at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than one of our affiliates, is entitled to sell his, her or its shares under Rule 144 without complying with the provisions relating to the availability of current public information or with any other conditions under Rule 144. Therefore, unless subject to a lock-up agreement or otherwise restricted, such shares may be sold immediately upon the closing of this offering.

Rule 701

In general, under Rule 701, any of our employees, directors, officers, consultants or advisors who received or purchased ordinary shares from us under our 2012 Plan or other written agreement before the closing of this offering is entitled to resell these shares.

The SEC has indicated that Rule 701 will apply to typical share options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of these options, including exercises after the closing of this offering. Securities issued in reliance on Rule 701 are restricted securities and, subject to the contractual

restrictions described above (see "Lock-Up Agreements"), may be sold beginning 90 days after the closing of this offering in reliance on Rule 144 by:

- persons other than affiliates, without restriction; and
- affiliates, subject to the manner-of-sale, current public information and filing requirements of Rule 144, in each case, without compliance with the six-month holding period requirement of Rule 144.

Options

As of December 31, 2017, options to purchase a total of 16,151,970 ordinary shares were issued and outstanding under our 2012 Plan. Of the total number of issued and outstanding options, will be vested upon the closing of this offering. See "Management — Equity Incentive Plans — 2012 Share Option Plan." All of our ordinary shares issuable under these options are subject to contractual lock-up agreements with us or the underwriters.

Form S-8 Registration Statement

Following the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register up to ordinary shares, in the aggregate, issued or reserved for issuance under the 2018 Plan. The registration statement on Form S-8 will become effective automatically upon filing.

Ordinary shares issued upon exercise of a share option and registered pursuant to the Form S-8 registration statement will, subject to vesting provisions and Rule 144 volume limitations applicable to our affiliates, be available for sale in the open market immediately unless they are subject to the 180 day lock-up period or, if subject to the lock-up, immediately after the 180 day lock-up period expires. See "Management — Equity Incentive Plan — 2012 Share Option Plan."

Registration Rights

Following the closing of this offering, holders of a total of ordinary shares will have the right to require us to register these shares under the Securities Act under specified circumstances and will have incidental registration rights. After registration pursuant to these rights, these shares will become freely tradable without restriction under the Securities Act. For more information on these registration rights, see "Description of Share Capital — Registration Rights."

TAXATION

The following description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of our ordinary shares. You should consult your own tax advisor concerning the tax consequences in your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

Material Israeli Tax Considerations

The following is a summary of the material Israeli income tax laws applicable to us. This section also contains a discussion of material Israeli income tax considerations concerning the ownership and disposition of our ordinary shares by holders that purchase ordinary shares pursuant to the offering and hold such ordinary shares as capital assets. This summary does not discuss all the aspects of Israeli income tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of this kind of investor include residents of Israel or traders in securities who are subject to special tax regimes not covered in this discussion. To the extent that the discussion is based on new tax legislation that has not yet been subject to judicial or administrative interpretation, we cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion. This summary is based on laws and regulations in effect as of the date of this prospectus and does not take into account possible future amendments which may be under consideration.

General Corporate Tax Structure in Israel

As of January 1, 2017, Israeli resident companies like us are generally subject to corporate tax at the rate of 24.0%. As of January 1, 2018, the corporate tax rate will be reduced to 23.0%.

Capital gains derived by an Israeli resident company are generally subject to tax at the same rate as the corporate tax rate. Under Israeli tax legislation, a corporation will be considered as an "Israeli resident" if it meets one of the following: (a) it was incorporated in Israel; or (b) the control and management of its business are exercised in Israel.

Taxation of our Israeli Individual Shareholders on Receipt of Dividends

Israeli residents who are individuals are generally subject to Israeli income tax for dividends paid on our ordinary shares (other than bonus shares or share dividends) at a rate of 25.0%, or 30.0% if the recipient of such dividend is a "substantial shareholder" (as defined below) at the time of distribution or at any time during the preceding 12-month period.

As of January 1, 2017, an additional income tax at a rate of 3.0% is imposed on high earners whose annual taxable income or gain exceeds NIS 640,000.

A "substantial Shareholder" is generally a person who alone, or together with his or her relative or another person who collaborates with him on a regular basis, holds, directly or indirectly, at least 10.0% of any of the "means of control" of the corporation. "Means of control" generally include the right to vote in a general meeting of shareholders, receive profits, nominate a director or an officer, receive assets upon liquidation, or instruct someone who holds any of the aforesaid rights regarding the manner in which he or she is to exercise such right(s), and whether by virtue of shares, rights to shares or other rights, or in any other manner, including by means of voting or trusteeship agreements.

The term "Israeli resident" for individuals is generally defined under the Israeli Income Tax Ordinance [New Version], 1961, or the Israeli Tax Ordinance, as an individual whose center of life is

in Israel. According to the Israeli Tax Ordinance, in order to determine the center of life of an individual, account will be taken of the individual's family, economic and social connections, including: (a) the place of the individual's permanent home; (b) the place of residence of the individual and the individual's family; (c) the place of the individual's regular or permanent place of business or the place of the individual's permanent employment; (d) place of the individual's active and substantial economic interests; (e) place of the individual's activities in organizations, associations and other institutions. The center of life of an individual will be presumed to be in Israel if: (a) the individual was present in Israel for 183 days or more in the tax year; or (b) the individual was present in Israel for 30 days or more in the tax year, and the total period of the individual's presence in Israel in that tax year and the two previous tax years is 425 days or more. The presumption in this paragraph may be rebutted either by the individual or by the assessing officer.

Taxation of Israeli Resident Corporations on Receipt of Dividends

Israeli resident corporations are generally exempt from Israeli corporate income tax with respect to dividends paid on our ordinary shares unless the distribution is from a Preferred Enterprise, as defined below.

Capital Gains Taxes Applicable to Israeli Resident Shareholders

The income tax rate applicable to Real Capital Gain derived by an Israeli individual from the sale of shares which had been purchased after January 1, 2012, whether listed on a stock exchange or not, is 25.0%. However, if such shareholder is considered a "Substantial Shareholder" (as defined above) at the time of sale or at any time during the preceding 12-month period, such gain will be taxed at the rate of 30.0%. As of January 1, 2017, an additional income tax at a rate of 3% will be imposed on high earners whose annual taxable income or gain exceeds NIS 640,000.

Moreover, capital gains derived by a shareholder who is a dealer or trader in securities, or to whom such income is otherwise taxable as ordinary business income, are taxed in Israel at ordinary income rates (currently, up to 50.0% for individuals and as of January 1, 2017, the corporate tax rate is 24.0% and as of January 1, 2018, the corporate tax rate should be reduced to 23.0%).

Taxation of Non-Israeli Shareholders on Receipt of Dividends

Non-Israeli residents are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25.0% (or 30.0% for individuals, if such individual is a "substantial shareholder" at the time receiving the dividend or on any date in the 12 months preceding such date), which tax will be withheld at source, unless a tax certificate is obtained from the Israeli Tax Authority authorizing withholding-exempt remittances or a reduced rate of tax pursuant to an applicable tax treaty.

A non-Israeli resident who receives dividends from which tax was withheld is generally exempt from the duty to file tax returns in Israel in respect of such income, provided such income was not derived from a business conducted in Israel by such taxpayer, and such taxpayer has no other taxable sources of income in Israel.

For example, under the Convention Between the Government of the United States of America and the Government of Israel with Respect to Taxes on Income, as amended, Israeli withholding tax on dividends paid to a U.S. resident for treaty purposes may not, in general, exceed 25.0%, or 15.0% in the case of dividends paid out of the profits of an Approved Enterprise, subject to certain conditions. Where the recipient is a U.S. corporation owning 10.0% or more of the issued and outstanding voting shares of the paying corporation during the part of the paying corporation's taxable year which precedes the date of payment of the dividend and during the whole of its prior

taxable year (if any) and not more than 25.0% of the gross income of the paying corporation for such prior taxable year (if any) consists of certain interest or dividends and the dividend is not paid from the profits of an Approved Enterprise, the Israeli tax withheld may not exceed 12.5%, subject to certain conditions.

Capital Gains Income Taxes Applicable to Non-Israeli Shareholders

Provided certain conditions are met, non-Israeli resident shareholders are generally exempt from Israeli capital gains tax on any gains derived from the sale, exchange or disposition of our ordinary shares, provided that such gains were not derived from a permanent establishment or business activity of such shareholders in Israel. However, non-Israeli corporations' shareholders will not be entitled to the foregoing exemptions if Israeli residents (i) have a controlling interest of more than 25.0% in such non-Israeli corporation or (ii) are the beneficiaries of or are entitled to 25.0% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

Regardless of whether shareholders may be liable for Israeli income tax on the sale of our ordinary shares, the payment of the consideration may be subject to withholding of Israeli tax at the source. Accordingly, 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.

Tax Benefits Under the 2011 Amendment

On January 1, 2011, new legislation amending the Investment Law came into effect, or the 2011 Amendment. The 2011 Amendment introduced a new status of Preferred Enterprise replacing the existing status of "Benefited Enterprise." A Preferred Enterprise entitles the company to corporate tax rates without limitations on dividends and other distributions instead of full exemption from corporate tax. These preferred corporate tax rates vary from 7.5% for Preferred Enterprises residing in a "development zone," or 16.0% for Preferred Enterprises residing in other zones in Israel.

In order to gain the status of Preferred Enterprise, a company must be an industrial company and at least 25.0% out of its revenues must derive from export to countries with population exceeding 14 million people.

Estate Tax

Currently, Israeli law does not impose estate taxes.

Material U.S. Federal Income Tax Consequences to U.S. Holders

The following discussion describes the material U.S. federal income tax considerations relating to the ownership and disposition of our ordinary shares by U.S. Holders (as defined below). This discussion applies to U.S. Holders that purchase ordinary shares pursuant to the offering and hold such ordinary shares as capital assets within the meaning of Section 1221 of the Code. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, U.S. Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as certain financial institutions, insurance companies, broker-dealers and traders in securities or other persons that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, persons who hold ordinary shares as part of a "straddle," "hedge," "conversion

transaction," "synthetic security" or integrated investment, persons who received their ordinary shares as compensatory payments, persons that have a "functional currency" other than the U.S. dollar, persons that own directly, indirectly or through attribution 10% or more of our shares by vote or value, persons subject to special tax accounting rules as a result of any item of gross income with respect to the shares being taken into account in an applicable financial statement, corporations that accumulate earnings to avoid U.S. federal income tax, partnerships and other pass-through entities, and investors in such pass-through entities). This discussion does not address any U.S. state or local or non-U.S. tax consequences or any U.S. federal estate, gift or alternative minimum tax consequences.

As used in this discussion, the term "U.S. Holder" means a beneficial owner of ordinary shares that is, for U.S. federal income tax purposes, (1) an individual who is a citizen or resident of the United States, (2) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income tax regardless of its source or (4) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (y) that has elected under applicable U.S. Treasury regulations to be treated as a domestic trust for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds ordinary shares, the U.S. federal income tax consequences relating to an investment in the ordinary shares will depend in part upon the status and activities of such entity or arrangement and the particular partner. Any such entity or arrangement should consult its own tax advisor regarding the U.S. federal income tax consequences applicable to it and its partners of the purchase, ownership and disposition of ordinary shares.

Persons considering an investment in ordinary shares should consult their own tax advisors as to the particular tax consequences applicable to them relating to the purchase, ownership and disposition of ordinary shares, including the applicability of U.S. federal, state and local tax laws and non-U.S. tax laws.

Passive Foreign Investment Company Consequences

In general, a corporation organized outside the United States will be treated as a passive foreign investment company, or PFIC, for any taxable year in which either (1) at least 75% of its gross income is "passive income", the PFIC income test, or (2) on average at least 50% of its assets, determined on a quarterly basis, are assets that produce passive income or are held for the production of passive income, the PFIC asset test. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents, and gains from the sale or exchange of property that gives rise to passive income. Assets that produce or are held for the production of passive income generally include cash, even if held as working capital or raised in a public offering, marketable securities, and other assets that may produce passive income. Generally, in determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

Our status as a PFIC will depend on the nature and composition of our income and the nature, composition and value of our assets (which, assuming we are not a "controlled foreign corporation," or a CFC, under Section 957(a) of the Internal Revenue Code of 1986, as amended, or the Code, for the year being tested, may be determined based on the fair market value of each asset, with the value of goodwill and going concern value being determined in large part by reference to the market value of our common shares, which may be volatile). Based upon the

expected value of our assets, including any goodwill and the expected nature and composition of our income and assets, we may be classified as a PFIC for the taxable year ended December 31, 2018 and future taxable years. In particular, so long as we do not generate revenue from operations for any taxable year and do not receive any research and development grants, or even if we receive a research and development grant, if such grant does not constitute gross income for U.S. federal income tax purposes, we likely will be classified as a PFIC for such taxable year. Even if we determine that we are not a PFIC for a taxable year, there can be no assurance that the IRS will agree with our conclusion and that the IRS would not successfully challenge our position. Our status as a PFIC is a fact-intensive determination made on an annual basis after the end of each taxable year. Accordingly, our U.S. counsel expresses no opinion with respect to our PFIC status for our taxable year ending December 31, 2018, and also expresses no opinion with regard to our expectations regarding our PFIC status in the future.

If we are a PFIC in any taxable year during which a U.S. Holder owns ordinary shares, the U.S. Holder could be liable for additional taxes and interest charges under the "PFIC excess distribution regime" upon (1) a distribution paid during a taxable year that is greater than 125% of the average annual distributions paid in the three preceding taxable years, or, if shorter, the U.S. Holder's holding period for the ordinary shares, and (2) any gain recognized on a sale, exchange or other disposition, including a pledge, of the ordinary shares, whether or not we continue to be a PFIC. Under the PFIC excess distribution regime, the tax on such distribution or gain would be determined by allocating the distribution or gain ratably over the U.S. Holder's holding period for ordinary shares. The amount allocated to the current taxable year (i.e., the year in which the distribution occurs or the gain is recognized) and any year prior to the first taxable year in which we are a PFIC will be taxed as ordinary income earned in the current taxable year. The amount allocated to other taxable years will be taxed at the highest marginal rates in effect for individuals or corporations, as applicable, to ordinary income for each such taxable year, and an interest charge, generally applicable to underpayments of tax, will be added to the tax.

If we are a PFIC for any year during which a U.S. Holder holds ordinary shares, we must generally continue to be treated as a PFIC by that holder for all succeeding years during which the U.S. Holder holds the ordinary shares, unless we cease to meet the requirements for PFIC status and the U.S. Holder makes a "deemed sale" election with respect to the ordinary shares. If the election is made, the U.S. Holder will be deemed to sell the ordinary shares it holds at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain recognized from such deemed sale would be taxed under the PFIC excess distribution regime. After the deemed sale election, the U.S. Holder's ordinary shares would not be treated as shares of a PFIC unless we subsequently become a PFIC.

If we are a PFIC for any taxable year during which a U.S. Holder holds ordinary shares and one of our non-U.S. corporate subsidiaries is also a PFIC (i.e., a lower-tier PFIC), such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC and would be taxed under the PFIC excess distribution regime on distributions by the lower-tier PFIC and on gain from the disposition of shares of the lower-tier PFIC even though such U.S. Holder would not receive the proceeds of those distributions or dispositions. Each U.S. Holder is advised to consult its tax advisors regarding the application of the PFIC rules to our non-U.S. subsidiaries.

If we are a PFIC, a U.S. Holder will not be subject to tax under the PFIC excess distribution regime on distributions or gain recognized on ordinary shares if such U.S. Holder makes a valid "mark-to-market" election for our ordinary shares. A mark-to-market election is available to a U.S. Holder only for "marketable stock." Our ordinary shares will be marketable stock as long as they remain listed on the Nasdaq Global Market and are regularly traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. If a mark-to-market election is in effect,

a U.S. Holder generally would take into account, as ordinary income for each taxable year of the U.S. holder, the excess of the fair market value of ordinary shares held at the end of such taxable year over the adjusted tax basis of such ordinary shares. The U.S. Holder would also take into account, as an ordinary loss each year, the excess of the adjusted tax basis of such ordinary shares over their fair market value at the end of the taxable year, but only to the extent of the excess of amounts previously included in income over ordinary losses deducted as a result of the mark-to-market election. The U.S. Holder's tax basis in ordinary shares would be adjusted to reflect any income or loss recognized as a result of the mark-to-market election. Any gain from a sale, exchange or other disposition of ordinary shares in any taxable year in which we are a PFIC would be treated as ordinary income and any loss from such sale, exchange or other disposition would be treated first as ordinary loss (to the extent of any net mark-to-market gains previously included in income) and thereafter as capital loss.

A mark-to-market election will not apply to ordinary shares for any taxable year during which we are not a PFIC, but will remain in effect with respect to any subsequent taxable year in which we become a PFIC. Such election will not apply to any non-U.S. subsidiaries that we may organize or acquire in the future. Accordingly, a U.S. Holder may continue to be subject to tax under the PFIC excess distribution regime with respect to any lower-tier PFICs that we may organize or acquire in the future notwithstanding the U.S. Holder's mark-to-market election for the ordinary shares.

The tax consequences that would apply if we are a PFIC would also be different from those described above if a U.S. Holder were able to make a valid qualified electing fund, or QEF, election. At this time, we do not expect to provide U.S. Holders with the information necessary for a U.S. Holder to make a QEF election. Prospective investors should assume that a QEF election will not be available.

Each U.S. person that is an investor of a PFIC is generally required to file an annual information return on IRS Form 8621 containing such information as the U.S. Treasury Department may require. The failure to file IRS Form 8621 could result in the imposition of penalties and the extension of the statute of limitations with respect to U.S. federal income tax.

The U.S. federal income tax rules relating to PFICs are very complex. Prospective U.S. investors are strongly urged to consult their own tax advisors with respect to the impact of PFIC status on the purchase, ownership and disposition of ordinary shares, the consequences to them of an investment in a PFIC, any elections available with respect to the ordinary shares and the IRS information reporting obligations with respect to the purchase, ownership and disposition of ordinary shares of a PFIC.

Distributions

As described in the section entitled "— Dividend Policy," we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future. However, if we make a distribution contrary to the expectation, subject to the discussion above under "— *Passive Foreign Investment Company Consequences*," a U.S. Holder that receives a distribution with respect to ordinary shares generally will be required to include the gross amount of such distribution in gross income as a dividend when actually or constructively received to the extent of the U.S. Holder's pro rata share of our current and/or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent a distribution received by a U.S. Holder is not a dividend because it exceeds the U.S. Holder's pro rata share of our current and accumulated earnings and profits, it will be treated first as a tax-free return of capital and reduce (but not below zero) the adjusted tax basis of the U.S. Holder's ordinary shares. To the extent the distribution exceeds the adjusted tax basis of the U.S. Holder's ordinary shares, the remainder will be taxed as capital gain. Because we may not account for our earnings and profits in accordance with U.S.

federal income tax principles, U.S. Holders should expect all distributions to be reported to them as dividends.

Distributions on ordinary shares that are treated as dividends generally will constitute income from sources outside the United States for foreign tax credit purposes and generally will constitute passive category income. Subject to certain complex conditions and limitations, Israeli taxes withheld on any distributions on ordinary shares may be eligible for credit against a U.S. Holder's federal income tax liability. The rules relating to the determination of the U.S. foreign tax credit are complex, and U.S. Holders should consult their tax advisors regarding the availability of a foreign tax credit in their particular circumstances and the possibility of claiming an itemized deduction (in lieu of the foreign tax credit) for any foreign taxes paid or withheld.

Dividends paid by a "qualified foreign corporation" are eligible for taxation to non-corporate U.S. holders at a reduced capital gains rate rather than the marginal tax rates generally applicable to ordinary income provided that certain requirements are met. Each U.S. Holder is advised to consult its tax advisors regarding the availability of the reduced tax rate on dividends with regard to its particular circumstances. Each U.S. Holder is advised to consult its tax advisors regarding the availability of the reduced tax rate on dividends with regard to its particular circumstances. Distributions on ordinary shares that are treated as dividends generally will not be eligible for the "dividends received" deduction generally allowed to corporate shareholders with respect to dividends received from U.S. corporations.

A non-United States corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation (a) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information provision, or (b) with respect to any dividend it pays on ordinary shares that are readily tradable on an established securities market in the United States. We believe that we qualify as a resident of Israel for purposes of, and are eligible for the benefits of, the U.S.-Israel Treaty, although there can be no assurance in this regard. Further, the IRS has determined that the U.S.-Israel Treaty is satisfactory for purposes of the qualified dividend rules and that it includes an exchange of information provision. Therefore, subject to the discussion above under "— *Passive Foreign Investment Company Consequences*," if the U.S.-Israel Treaty is applicable, such dividends will generally be "qualified dividend income" in the hands of individual U.S. Holders, provided that certain conditions are met, including holding period and the absence of certain risk reduction transaction requirements. Each U.S. Holder is advised to consult its tax advisors regarding the availability of the reduced tax rate on dividends with regard to its particular circumstances.

Sale, Exchange or Other Disposition of Ordinary Shares

Subject to the discussion above under "— *Passive Foreign Investment Company Consequences*," a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes upon the sale, exchange or other disposition of ordinary shares in an amount equal to the difference, if any, between the amount realized (i.e., the amount of cash plus the fair market value of any property received) on the sale, exchange or other disposition and such U.S. Holder's adjusted tax basis in the ordinary shares. Such capital gain or loss generally will be long-term capital gain taxable at a reduced rate for non-corporate U.S. Holders or long-term capital loss if, on the date of sale, exchange or other disposition, the ordinary shares were held by the U.S. Holder for more than one year. Any capital gain of a non-corporate U.S. Holder that is not long-term capital gain is taxed at ordinary income rates. The deductibility of capital losses is subject to limitations. Any gain or loss recognized from the sale or other disposition of ordinary shares will generally be gain or loss from sources within the United States for U.S. foreign tax credit purposes.

Medicare Tax

Certain U.S. Holders that are individuals, estates or trusts and whose income exceeds certain thresholds generally are subject to a 3.8% tax on all or a portion of their net investment income, which may include their gross dividend income and net gains from the disposition of ordinary shares. If you are a United States person that is an individual, estate or trust, you are encouraged to consult your tax advisors regarding the applicability of this Medicare tax to your income and gains in respect of your investment in ordinary shares.

Information Reporting and Backup Withholding

U.S. Holders may be required to file certain U.S. information reporting returns with the IRS with respect to an investment in ordinary shares, including, among others, IRS Form 8938 (Statement of Specified Foreign Financial Assets). As described above under "*Passive Foreign Investment Company Consequences*", each U.S. Holder who is a shareholder of a PFIC must file an annual report containing certain information. U.S. Holders paying more than US$100,000 for ordinary shares may be required to file IRS Form 926 (Return by a U.S. Transferor of Property to a Foreign Corporation) reporting this payment. Substantial penalties may be imposed upon a U.S. Holder that fails to comply with the required information reporting.

Dividends on and proceeds from the sale or other disposition of ordinary shares may be reported to the IRS unless the U.S. Holder establishes a basis for exemption. Backup withholding may apply to amounts subject to reporting if the holder (1) fails to provide an accurate United States taxpayer identification number or otherwise establish a basis for exemption (usually on IRS Form W-9), or (2) is described in certain other categories of persons. However, U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability if the required information is furnished by the U.S. Holder on a timely basis to the IRS.

U.S. Holders should consult their own tax advisors regarding the backup withholding tax and information reporting rules.

EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN ORDINARY SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

UNDERWRITING

We have entered into an underwriting agreement with the underwriters named below with respect to the ordinary shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of ordinary shares indicated in the following table. Goldman Sachs & Co. LLC, 200 West Street, 29th Floor, New York, New York 10282 and Cowen and Company, LLC, 599 Lexington Avenue, 27th Floor, New York, New York 10022, are the representatives of the underwriters.

Underwriters	Number of Ordinary Shares
Goldman Sachs & Co. LLC	
Cowen and Company, LLC	
Cantor Fitzgerald & Co.	
Raymond James & Associates, Inc.	
Oppenheimer & Co. Inc.	
Total	

The underwriters are committed to take and pay for all of the ordinary shares being offered, if any are taken, other than the ordinary shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional ordinary shares from the company to cover sales by the underwriters of a greater number of ordinary shares than the total number set forth in the table above. They may exercise that option for 30 days. If any ordinary shares are purchased pursuant to this option, the underwriters will severally purchase ordinary shares in approximately the same proportion as set forth in the table above.

The following table shows the per ordinary share and total underwriting discounts and commissions to be paid to the underwriters by the company. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional ordinary shares.

	Paid by the Company	
	No Exercise	Full Exercise
Per ordinary share	$	$
Total	$	$

Ordinary shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover page of this prospectus. Any ordinary shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per ordinary share from the initial public offering price. After the ordinary shares are released for sale to the public, if all the ordinary shares are not sold at the initial public offering price following a bona fide effort to do so, the underwriters may change the initial public offering price and other selling terms. The offering of the ordinary shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The company, its directors, executive officers and holders of substantially all of its outstanding shares and shares issuable upon the exercise of options and warrants have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their ordinary shares or securities convertible into or exchangeable for ordinary shares during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with

the prior written consent of the representatives. This agreement does not apply to any existing employee benefit plans. See "Shares Available for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the ordinary shares. The initial public offering price has been negotiated among the company and the representatives. Among the factors to be considered in determining the initial public offering price of the ordinary shares, in addition to prevailing market conditions, will be the company's historical performance, estimates of the business potential and earnings prospects of the company, an assessment of the company's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

Application has been made to list the ordinary shares on The Nasdaq Global Market under the symbol "POLY."

In connection with the offering, the underwriters may purchase and sell the ordinary shares in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of ordinary shares than they are required to purchase in the offering, and a short position represents the amount of such sales that has not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional ordinary shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional ordinary shares or purchasing ordinary shares in the open market. In determining the source of ordinary shares to cover 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 additional ordinary shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater than the amount of additional ordinary shares for which the option described above may be exercised. The underwriters must cover any such 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 there may be downward pressure on the price of the ordinary shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of ordinary shares made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased ordinary shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the company's ordinary shares, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the ordinary shares. As a result, the price of the ordinary shares may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on The Nasdaq Global Market, in the over-the-counter market or otherwise.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of ordinary shares offered.

The company estimates that its share of the total expenses of the offering, excluding estimated underwriting discounts and commissions, will be approximately $. The company has also agreed to reimburse the underwriters for certain of their expenses in an amount up to $45,000.

The company has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The underwriters and their respective affiliates may in the future provide a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

European Economic Area

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 the ordinary shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of the ordinary shares may be made at any time under the following exemptions under the Prospectus Directive:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of ordinary shares shall require the company or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of ordinary shares to the public" in relation to the company's 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 the ordinary shares to be offered so as to enable an investor to decide to purchase the ordinary shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended), including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State.

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

In the United Kingdom, this prospectus is only addressed to and directed at qualified investors who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order); or (ii) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this prospectus relates is available only to relevant persons and will only be engaged with relevant persons. Any person who is not a relevant person should not act or relay on this prospectus or any of its contents.

Canada

The ordinary shares may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the ordinary shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The ordinary shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), or the Companies (Winding Up and Miscellaneous Provisions) Ordinance, or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), or the Securities and Futures Ordinance, or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ordinary shares may not be circulated or distributed, nor may the ordinary shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the ordinary shares are subscribed or purchased under Section 275 by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the ordinary shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore, or Regulation 32.

Where the ordinary shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia, or the 'Corporations Act, in relation to the ordinary shares has been or will be lodged with the Australian Securities & Investments Commission, or ASIC. This document has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

- you confirm and warrant that you are either:
    - a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act;
    - a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
    - a person associated with the company under section 708(12) of the Corporations Act; or
    - a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act, and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance; and
- you warrant and agree that you will not offer any of the ordinary shares for resale in Australia within 12 months of those ordinary shares being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

Switzerland

The securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the securities or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the company or the securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of securities will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("FINMA"), and the offer of the securities has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of securities.

Israel

This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968, or 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, (i) a limited number of 35 persons or entities in accordance with the Securities Law and the regulations thereunder and (ii) investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, 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 (all as defined under the Israeli Law), entities with equity in excess of NIS 50 million (other than entities formed for the acquisition of securities from a certain offer) 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. Certain Qualified Investors may be required to submit additional confirmations.

EXPENSES OF THIS OFFERING

The following table sets forth the costs and expenses, other than the underwriting discounts and commissions, payable by us in connection with the sale of our ordinary shares being registered. All amounts are estimates except for the SEC registration fee, the FINRA filing fee and The Nasdaq Global Market listing fee.

Item	Amount to be Paid
SEC registration fee	$ 10,738
FINRA filing fee	13,438
The Nasdaq Global Market listing fee	125,000
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Miscellaneous expenses	*
Total	$ *

* To be completed by amendment.

LEGAL MATTERS

The validity of the issuance of our ordinary shares offered in this prospectus and certain other matters of Israeli law will be passed upon for us by Zysman, Aharoni, Gayer & Co., Tel Aviv, Israel. Certain matters of U.S. federal law will be passed upon for us by Cooley LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for the underwriters by Yigal Arnon & Co., Tel-Aviv, Israel, with respect to Israeli law, and Latham & Watkins LLP with respect to U.S. federal law.

EXPERTS

The consolidated financial statements as of December 31, 2017 and 2016 and for each of the two years in the period ended December 31, 2017 appearing in this Prospectus and Registration Statement have been audited by Kost, Forer, Gabbay & Kasierer, Certified Public Accountants (Israel), an independent registered public accounting firm and a member firm of Ernst & Young Global, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing. The address of Kost, Forer, Gabbay & Kasierer is Menachem Begin 144, Tel Aviv, Israel.

ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated under the laws of the State of Israel. Service of process upon us and upon our directors and officers and the Israeli experts named in this registration statement, most of whom reside outside of the United States, may be difficult to obtain within the United States. Furthermore, because substantially all of our assets and substantially all of our directors and officers are located outside of the United States, any judgment obtained in the United States against us or any of our directors and officers may not be collectible within the United States.

We have been informed by our legal counsel in Israel, Zysman, Aharoni, Gayer & Co., that it may 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. 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.

We have irrevocably appointed PolyPid Inc. as our agent to receive service of process in any action against us in any U.S. federal or state court arising out of this offering or any purchase or sale of securities in connection with this offering. Subject to specified time limitations and legal procedures, 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 Securities Act and the Exchange Act and including a monetary or compensatory judgment in a non-civil matter, provided that among other things:

- the judgment was obtained after due process before a court of competent jurisdiction, according to the laws of the state in which the judgment was given and the rules of private international law currently prevailing in Israel;
- the prevailing law of the foreign state in which the judgment was rendered allows 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 to present his or her evidence;
- the judgment is not contrary to public policy of Israel, and the enforcement of the civil liabilities set forth in the judgment is not likely to impair the security or sovereignty of Israel;
- the judgment was not obtained by fraud and do not conflict with any other valid judgments in the same matter between the same parties;
- 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; and
- the judgment is enforceable according to the laws of Israel and according to the law of the foreign state in which the relief was granted.

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.

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, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a 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*.

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. These other 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 reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We maintain a corporate website at *http://www.polypid.com*. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus.

POLYPID LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Shareholders' and Board of Directors of
POLYPID LTD.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Polypid Ltd. (the "Company") as of December 31, 2017 and 2016 and the related consolidated statements of operations, changes in convertible preferred shares and shareholders' deficiency and cash flows for each of the two years in the period ended December 31, 2017 and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Kost Forer Gabbay & Kasierer

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

We have served as the Company's auditor since 2010.
Tel-Aviv, Israel
February 8, 2018

POLYPID LTD AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	December 31,		Pro forma as of December 31,
	2016	2017	2017
			(Unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 10,221	$ 3,907	$ 3,920
Short-term deposits	7,530	14,031	14,031
Prepaid expenses and other receivables	503	792	792
Total current assets	18,254	18,730	18,743
Long-term assets:			
Property and equipment, net	847	2,926	2,926
Deferred equity offering costs	—	1,088	—
Other long-term assets	136	240	240
Total long-term assets	983	4,254	3,166
Total assets	$ 19,237	$ 22,984	$ 21,909

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

POLYPID LTD AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS (Continued)

U.S. dollars in thousands (except share and per share data)

	December 31,		Pro forma as of December 31,
	2016	2017	2017
			(Unaudited)
Liabilities, Convertible Preferred Shares and Shareholders' Deficiency			
Current liabilities:			
Trade payables	$ 778	$ 2,019	$ 2,019
Other payables and accrued expenses	920	1,345	1,345
Total current liabilities	1,698	3,364	3,364
Long-term liabilities:			
Advances on account of collaboration agreement	600	600	600
Other liabilities	256	284	284
Convertible preferred shares warrant liability	6,616	47,399	—
Total long-term liabilities	7,472	48,283	884
Commitments and Contingencies			
Convertible preferred shares:			
Preferred A, A-1, B, B-1, C-1, C-2, D-1, D-3 and E shares of NIS 0.1 par value — Authorized: 101,928,140 and 92,428,140 shares at December 31, 2017 and 2016, respectively; Issued and outstanding: 73,107,811 and 63,683,516 shares at December 31, 2017 and 2016, respectively; Aggregate liquidation preference of $84,895 at December 31, 2017	44,026	59,983	—
Shareholders' deficiency:			
Share capital —			
Ordinary shares of NIS 0.1 par value — Authorized: 125,500,000 and 116,000,000 shares at December 31, 2017 and 2016, respectively; Issued and outstanding: 4,673,211 and 4,544,628 shares at December 31, 2017 and 2016	126	129	2,251
Additional paid-in capital	2,487	3,540	107,725
Accumulated deficit	(36,572)	(92,315)	(92,315)
Total shareholders' deficiency	(33,959)	(88,646)	17,661
Total liabilities, convertible preferred shares and shareholders' deficiency	$ 19,237	$ 22,984	$ 21,909

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

POLYPID LTD AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands (except share and per share data)

	Year ended December 31,	
	2016	2017
Operating expenses:		
Research and development, net	$ 7,708	$ 9,736
General and administrative	2,551	4,064
Operating loss	10,259	13,800
Financial expenses, net	1,133	40,688
Net loss	$ 11,392	$ 54,488
Deemed dividend	—	1,255
Net loss attributable to Ordinary shares	$ 11,392	$ 55,743
Basic and diluted net loss per Ordinary share	$ (3.08)	$ (12.75)
Weighted average number of Ordinary shares used in computing basic and diluted net loss per share	4,544,628	4,673,405
Pro forma basic and diluted net loss per Ordinary share (unaudited)		$ (0.79)
Weighted average number of Ordinary shares used in computing basic and diluted net loss per share — pro forma (unaudited)		70,580,159

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

POLYPID LTD AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED SHARES AND CHANGES IN SHAREHOLDERS' DEFICIENCY

U.S. dollars in thousands (except share data)

	Convertible Preferred shares			Shareholders' deficiency				
	Number of Preferred shares	Amount	Total	Number of Ordinary shares	Amount	Additional paid-in capital	Accumulated deficit	Total shareholders' deficiency
Balances as of January 1, 2016	38,968,465	$ 22,934	$ 22,934	4,544,628	$ 126	$ 1,889	$ (25,180)	$ (23,165)
Issuance of series D-1 Preferred shares, net(*)	19,887,076	16,039	16,039	—	—	—	—	—
Issuance of series D-3 Preferred shares, net(**)	4,827,975	5,053	5,053	—	—	—	—	—
Share-based compensation	—	—	—	—	—	598	—	598
Net loss	—	—	—	—	—	—	(11,392)	(11,392)
Balances as of December 31, 2016	63,683,516	44,026	44,026	4,544,628	126	2,487	(36,572)	(33,959)
Exercise of options	—	—	—	128,583	3	65	—	68
Issuance of series E Preferred shares, net(***)	9,424,295	14,315	14,315	—	—	—	—	—
Deemed dividend related to Series E Preferred Shares (Note 9c)	—	1,255	1,255	—	—	—	(1,255)	(1,255)
Share-based compensation (Note 9c)	—	387	387	—	—	—	—	—
Share-based compensation	—	—	—	—	—	988	—	988
Net loss	—	—	—	—	—	—	(54,488)	(54,488)
Balances as of December 31, 2017	73,107,811	$ 59,983	$ 59,983	4,673,211	$ 129	$ 3,540	$ (92,315)	$ (88,646)

(*) Net of $5,215 fair value of warrants liability issued to investors and issuance costs of $787 (cash and share-based).

(**) Net of issuance costs of $275 in cash.

(***) Net of issuance costs of $665 in cash and share-based.

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

POLYPID LTD AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,	
	2016	2017
Cash flows from operating activities:		
Net loss	$ (11,392)	$ (54,488)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	127	205
Re-evaluation of warrants	1,171	40,783
Share-based compensation	598	1,375
Changes in assets and liabilities:		
Increase in receivables and prepaid expenses	(276)	(705)
Decrease (increase) in other long-term assets	3	(104)
Increase in trade payables	199	385
Increase (decrease) in other payables and accrued expenses and other liabilities	(163)	237
Net cash used in operating activities	(9,733)	(12,312)
Cash flows from investing activities:		
Short-term deposits, net	(7,530)	(6,501)
Purchase of property and equipment	(539)	(1,884)
Net cash used in investing activities	(8,069)	(8,385)
Cash flows from financing activities:		
Proceeds from issuance of convertible preferred shares and warrants, net	26,344	14,315
Proceeds from exercise of options	—	68
Net cash provided by financing activities	26,344	14,383
Increase (decrease) in cash and cash equivalents	8,542	(6,314)
Cash and cash equivalents at the beginning of the year	1,679	10,221
Cash and cash equivalents at the end of the year	$ 10,221	$ 3,907
Non cash activity:		
Purchase of property and equipment	—	400
Deferred equity offering costs	—	672

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

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 1:- GENERAL

a. Polypid Ltd. (the "Company") was incorporated under the laws of Israel and commenced its operations on February 28, 2008. The Company is a clinical-stage pharmaceutical company focused on developing and commercializing novel, locally administered therapies using its PLEX (Polymer-Lipid Encapsulation matriX) technology. The Company's product candidates are designed to address unmet medical needs by delivering active pharmaceutical ingredients, or APIs, locally at predetermined release rates and durations over extended periods ranging from days to several months. The Company is initially focused on the development of its lead product candidate, D-PLEX$_{100}$, which incorporates an antibiotic, for the prevention of surgical site infection in bone and soft tissue.

In October 2017, the Company established a wholly-owned subsidiary in the Unites States of America.

Through December 31, 2017, the Company has been primarily engaged in research and development.

b. The Company's activities since inception have consisted of performing research and development activities. Successful completion of the Company's development programs and, ultimately, the attainment of profitable operations are dependent on future events, including, among other things, its ability to obtain marketing approval from regulatory authorities; access potential markets; secure financing; conclude a customer base; attract, retain and motivate qualified personnel; and develop strategic alliances. The Company's operations are funded by its shareholders and research and development grants and the Company intends to seek further private or public financing as well as make applications for further research and development grants for continuing its operations. Although management believes that the Company will be able to successfully fund its operations, there can be no assurance that the Company will be able to do so or that the Company will ever operate profitably.

The Company expects to continue to incur substantial losses over the next several years during its development phase. To fully execute its business plan, the Company will need to complete certain research and development activities, clinical studies and validate the pilot manufacturing plant. Further, the Company's product candidates will require regulatory approval prior to commercialization as well as establish sales, marketing and logistic infrastructures. These activities may span many years and require substantial expenditures to complete and may ultimately be unsuccessful. Any delays in completing these activities could adversely impact the Company.

As of December 31, 2017, the Company had cash and cash equivalents and short-term deposits of $3,907 and $14,031, respectively. During the year ended December 31, 2017, the Company incurred a net loss of $54,488 and had negative cash flows from operating activities of $12,312. In addition, the Company had an accumulated deficit of $92,315 at December 31, 2017. Management plans to seek additional equity financing through private and public offerings or strategic partnerships and, in the longer term, by generating revenues from product sales.

The Company's future operations are highly dependent on a combination of factors, including (i) the timely and successful completion of additional financing discussed above; (ii) the

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 1:- GENERAL (Continued)

success of its research and development; activities; (iii) completion of all required clinical studies; (iv) completion of construction of the pilot manufacturing facility and validate such plant; (v) marketing approval by the relevant regulatory authorities; and (vi) market acceptance of the Company's products candidates.

There can be no assurance that the Company will be successful in obtaining additional financing on favorable terms, or at all.

c. In February, 2013, the Company signed a memorandum of understanding (the "MOU"), with MIS Implants Technologies Ltd. ("MIS"). The MOU grants MIS an exclusive right to market a specific dental application of the Company's technology for a period of at least 5 years, starting after receipt of either European Medicines Agency ("EMA") marketing approval or U.S. Food and Drug Administration ("FDA") regulatory approval and beginning of commercialized sales in the applicable market, accordingly.

Under the terms of the MOU, the Company is entitled to receive up to $2,500, subject to meeting certain milestones, as specified in the MOU. Under the terms of the MOU, 45 days following the publication of the results of the clinical study report by the principal investigator, MIS is obligated to inform the Company of its intention to either continue the commercialization of the product or terminate the MOU. In event of termination by MIS, the Company is obligated to return all milestone payments received until such notification. In addition, under the terms of the MOU, within 30 days of notification of FDA requirements for the performance of a clinical trial, MIS may choose to decline to undertake such clinical trial, in which case the license to MIS granted by the Company shall exclude the U.S. territory, MIS shall not be obligated to make additional milestone payments and the Company will be obligated to return any such milestone payment, to the extent received. See Note 2l.

In the event of termination of the MOU, the Company shall retain all rights to the existing intellectual property and all intellectual property developed during the term of the MOU and shall be obligated to return all milestones received until such termination.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared according to United States generally accepted accounting principles ("U.S. GAAP").

a. Use of estimates:

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, the Company's management evaluates estimates, including those related to fair values of convertible preferred shares warrants, fair values of share-based awards, deferred taxes, and contingent liabilities. Such estimates are based on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities at the dates of the

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Continued)

consolidated financial statements, and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

b. Consolidated Financial statements in U.S. dollars:

The accompanying consolidated financial statements have been prepared in U.S. dollars.

A substantial portion of the Company's expenses are incurred in New Israeli Shekels. However, the Company finances its operations mainly in U.S. dollars, a substantial portion of its expenses are incurred in U.S. dollars and potential revenues from its primary markets are anticipated to be generated in U.S. dollars. As such, the Company's management believes that the U.S. dollar is the currency of the primary economic environment in which the Company operates. Thus, the functional and reporting currency of the Company is the U.S. dollar.

Transactions and balances denominated in U.S. dollars are presented at their original amounts. Monetary accounts maintained in currencies other than the dollar are re-measured into dollars in accordance with Accounting Standards Codification No. 830, "Foreign Currency Matters" ("ASC 830"). All transaction gains and losses of the re-measurement of monetary balance sheet items are reflected in the statements of operations as financial income or expenses, as appropriate.

c. Principles of consolidation:

The consolidated financial statements include the accounts of the Company and its subsidiary. Intercompany balances have been eliminated upon consolidation.

d. Cash equivalents:

Cash equivalents are short-term, highly liquid investments that are readily convertible into cash with an original maturity of three months or less, at the date acquired.

e. Restricted cash:

Restricted cash is primarily invested in certificates of deposit and is used as security for the Company's lease commitments.

f. Short-term deposits

A short-term bank deposit is a deposit with a maturity of more than three months but less than one year. Deposits in U.S. dollars bear interest at rates ranging from 1.39% - 1.65% and 0.35% - 1.39%, per annum, as of December 31, 2017 and 2016, respectively. The Company had no short-term deposits in NIS as of December 31, 2017. Short-term deposits are presented at cost, which approximates market value due to their short maturities.

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Property and equipment, net:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets at the following rates:

	%
Computers, software and laboratory equipment	15 - 33
Furniture and office equipment	7 - 15
Leasehold improvements	Over the shorter of the term of the lease or its useful life

h. Impairment of long-lived assets:

The Company's long-lived assets are reviewed for impairment in accordance with ASC 360, "Property, Plant and Equipment" ("ASC 360"), whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. During the years ended December 31, 2017 and 2016, no impairment losses have been identified.

i. Research and development expenses:

Research and development expenses consist of personnel costs (including salaries, benefits and share-based compensation), materials, consulting fees and payments to subcontractors, chemical, manufacturing and control activities, costs associated with obtaining regulatory approvals, executing pre-clinical and clinical studies and maintenance and prosecution of the Company's intellectual property rights. In addition, research and development expenses include overhead allocations consisting of various administrative and facilities related costs. The Company charges research and development expenses as expenses when incurred. Grants from the Israeli Innovation Authority (IIA) and the European Commission's Seventh Framework Programme for Research (FP7) are offset against research and development costs at the later of when grant receipt is assured or the expenses are incurred.

j. Accounting for share-based payments:

The Company accounts for share based compensation in accordance with ASC No. 718, "Compensation — Stock Compensation" that requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. The Company recognizes compensation expenses for the value of its awards granted based on the straight-line attribution method over the requisite service period of each of the awards. The Company recognizes forfeitures of awards as they occur.

The Company selected the Black-Scholes-Merton Option-Pricing Model (OPM) as the most appropriate fair value method for its option awards. The OPM requires a number of

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Continued)

assumptions, of which the most significant are the expected share price, volatility and the expected option term.

The fair value of Ordinary shares underlying the options has historically been determined by management and the board of directors. As there has been no public market for the Company's Ordinary shares, the board of directors has determined fair value of an Ordinary share at the time of grant of the option by considering a number of objective and subjective factors including data from other comparable companies, sales of convertible preferred shares to unrelated third parties, operating and financial performance, the lack of liquidity of share capital and general and industry specific economic outlook, amongst other factors. The fair value of the underlying Ordinary shares will be determined by the board of directors until such time as the Company's Ordinary shares are listed on an established share exchange or national market system. The Company's board of directors determined the fair value of Ordinary shares based on valuations performed using the OPM method for the years ended December 31, 2017 and 2016.

The computation of expected volatility is based on actual historical share price volatility of comparable companies. Expected term of options granted is calculated using the average between the vesting period and the contractual term to the expected term of the options in effect at the time of grant. The Company has historically not paid dividends and has no foreseeable plans to pay dividends and, therefore, uses an expected dividend yield of zero in the option pricing model. The risk-free interest rate is based on the yield of U.S. treasury bonds with equivalent terms as the expected term of the options.

The fair value for options granted to employees during 2017 is estimated at the date of grant using the Black-Scholes-Merton Option Pricing Model with the following assumptions: expected volatility of 75% - 94%, risk free interest rates of 2.25% - 3.03%, dividend yield of 0%, and an expected term of 7 - 10 years. During 2017, the Company's board of directors deemed the fair value of the Company's Ordinary shares to be $0.49 - $1.19 per share as of the grant date of the options.

The fair value for options granted to employees during 2016 was estimated at the date of grant using the Black-Scholes-Merton Option Pricing Model with the following assumptions: expected volatility of 75% - 89%, risk free interest rates of 2.16% - 2.69%, dividend yield of 0%, and an expected term of 7 - 10 years. The Company's board of directors deemed the fair value of the Company's Ordinary shares to be $0.37 - $0.49 per share as of the grant date of the options.

The Company accounts for options granted to consultants and other service providers under ASC 718 and ASC 505, "Equity-based payments to non-employees." The fair value of these options was estimated using the Black-Scholes Option Pricing Model. The fair value is re-measured at each reporting date for all unvested options in accordance with ASC 505.

Total share-based compensation expenses related to employees, consultants and other service providers for the years ended December 31, 2017 and 2016, amounted to $ 1,375 (out of which $667 were related to non-employees) and $598 (out of which $18 were related to non-employees), respectively.

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Grants and participations:

Royalty-bearing grants from the Israeli Innovation Authority ("IIA") (previously known as Office of the Chief Scientist) of the Ministry of Economy and Industry in Israel for funding of approved research and development projects are recognized at the time the Company is entitled to such grants, on the basis of the costs incurred, and are presented as a deduction from research and development expenses. Non-royalty-bearing grants from the IIA MAGNET program and from European Commission's Seventh Framework Programme for Research (FP7) for funding approved research and development projects are recognized at the time the Company is entitled to such grants, on the basis of the costs incurred, and are presented as a deduction from research and development expenses.

Since the payment of royalties is not probable when the grants are received, the Company does not record a liability for amounts received from IIA until the related revenues are recognized. In the event of failure of a project that was partly financed by IIA, the Company will not be obligated to pay any royalties or repay the amounts received.

The Company recognizes participations in R&D development, as a reduction from R&D expenses. The excess of the recognized amount received over the amount of research and development expenses incurred during the period is recognized as other income within operating income.

l. Advance on account of collaboration agreement

Through December 31, 2017, milestone payments totaling $600 were received by the Company from MIS (see Note 1c). These amounts were recorded as an advance on account of the collaboration agreement. To date, no amounts were recognized in the statements of operations with respect to the collaboration agreement, as all the amounts are refundable.

m. Convertible preferred shares and convertible preferred shares warrant liability:

The terms of the convertible preferred A, A-1, B, B-1, C-1, C-2, D-1, D-3 and E shares allow the holders to redeem shares, under certain circumstances, outside of the Company's control. Therefore, these shares are classified as mezzanine equity on the balance sheet and are not included as a component of shareholders' deficiency. The carrying value of the convertible preferred shares is equal to cost. The Company has not adjusted the carrying value to redemption value since it is not probable that the convertible preferred shares will be redeemed.

Warrants to purchase the Company's convertible preferred shares are classified as a liability on the balance sheet, and measured at fair value, as the underlying shares are contingently redeemable (upon a deemed liquidation event) and, therefore, may obligate the Company to transfer assets at some point in the future. The warrants are subject to re-measurement to fair value at each balance sheet date and any change in fair value is recognized as a component of financial expenses, net, in the statement of operation. The Company will continue to adjust the liability for changes in fair value until the earlier of the exercise or expiration of the warrants, or the completion of a deemed liquidation event (see Note 10).

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Fair value of financial instruments:

The Company applies ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820"), pursuant to which fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company.

Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Fair value is an exit price, representing the amount that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

A three tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

- Level 1 — Observable inputs that reflect quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 — Include other inputs that are directly or indirectly observable in the marketplace.
- Level 3 — Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The financial instruments carried at fair value on the Company's balance sheet as of December 31, 2017 and 2016 are convertible preferred shares warrants classified as a liability. See Note 7.

The following methods and assumptions were used by the Company in estimating their fair value disclosures for financial instruments:

The carrying amounts of cash and cash equivalents, short-term deposits, prepaid expenses and other receivables, trade payables, advances on account of collaboration agreement and other accounts payable and accrued expenses approximate their fair value due to the short-term maturity of such instruments.

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Basic and diluted net loss per share:

Basic loss per share is computed based on the weighted average number of Ordinary shares outstanding during each year. Diluted loss per share is computed based on the weighted average number of Ordinary shares outstanding during each year, plus the dilutive effect of options considered to be outstanding during each year, in accordance with ASC 260, "Earnings Per Share" ("ASC 260").

For the years ended December 31, 2017 and 2016, all outstanding options have been excluded from the calculation of the diluted net loss per share since their effect was anti-dilutive for the periods presented.

p. Income taxes:

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes" ("ASC 740"). ASC 740 prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, to reduce deferred tax assets to their estimated realizable value, if needed.

ASC 740 contains a two-step approach to recognizing and measuring a liability for uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. As of December 31, 2017, and 2016 no liability for unrecognized tax benefits was recorded as a result of ASC 740.

The Company's policy is to accrue interest and penalties related to unrecognized tax benefits in its taxes on income.

q. Concentration of credit risks:

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and cash equivalents.

Cash, cash equivalents and short-term deposits are deposited in major banks in Israel. Such investments in Israel may be in excess of insured limits and are not insured in other jurisdictions. Generally, cash and cash equivalents may be redeemed upon demand and, therefore, bear minimal risk (see note 2f).

The Company has no off-balance sheet concentration of credit risk such as foreign exchange contracts, option contracts or other foreign hedging arrangements.

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Severance pay:

All the Company's employees have subscribed to Section 14 of Israel's Severance Pay Law, 5723-1963 ("Section 14"). Pursuant to Section 14, employees covered by this section are entitled to monthly deposits at a rate of 8.33% of their monthly salary, made on their behalf by the Company. Payments in accordance with Section 14 release the Company from any future severance liabilities in respect of those employees.

Neither severance pay liability nor severance pay fund under Section 14 for such employees is recorded on the Company's balance sheet.

Through February 2016, several employees also provided services to the Company as service providers. The Company has recorded a provision for severance pay liability for such service providers.

Severance pay expense for the years ended December 31, 2017 and 2016 amounted to $307 and $249, respectively.

s. Contingent liabilities

The Company accounts for its contingent liabilities in accordance with ASC 450, "Contingencies" ("ASC 450"). A provision is recorded when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. With respect to legal matters, provisions are reviewed and adjusted to reflect the impact of negotiations, estimated settlements, legal rulings, advice of legal counsel and other information and events pertaining to a particular matter.

The Company is occasionally a party to routine claims or litigation incidental to its business. The Company does not believe that it is a party to any pending legal proceeding that is likely to have a material adverse effect on its business, financial condition or results of operations. The Company recorded an accrual in the consolidated statement of operations, which it deems appropriate.

t. Recently adopted accounting pronouncements

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, Compensation — Stock Compensation (Topic 718): Improvement to Employee Share-based Payment Accounting (ASU 2016-09), to simplify the accounting for share-based payment transactions, including the income tax consequences, an option to recognize gross share-based compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. Upon adoption of ASU 2016-09, the Company elected to change its accounting policy to account for forfeitures as they occur. The guidance was applied on a modified, retrospective basis in the first quarter of fiscal 2017 and did not have a material impact on the Company's financial results.

u. New pronouncements not yet effective

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)" ("ASU 2016-02"), whereby, lessees will be required to recognize for all leases at the commencement date a

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Continued)

lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. A modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements must be applied. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Companies may not apply a full retrospective transition approach. ASU 2016-02 is effective for annual and interim periods beginning after December 15, 2018. Early application is permitted.

In November 2016, the FASB issued Accounting Standards Update No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (ASU 2016-18), which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This guidance will be effective for us in the first quarter of 2018 and early adoption is permitted. The Company does not expect the guidance to have a material impact on its financial results.

In July 2017, the FASB issued ASU 2017-11, Earnings Per Share (Topic 260); (Part I) Accounting for Certain Financial Instruments with Down Round Features. The ASU allows companies to exclude a down round feature when determining whether a financial instrument (or embedded conversion feature) is considered indexed to the entity's own stock. As a result, financial instruments (or embedded conversion features) with down round features may no longer be required to be classified as liabilities.

A company will recognize the value of a down round feature only when it is triggered and the strike price has been adjusted downward. For equity-classified freestanding financial instruments, such as warrants, an entity will treat the value of the effect of the down round, when triggered, as a dividend and a reduction of income available to common shareholders in computing basic earnings per share. For convertible instruments with embedded conversion features containing down round provisions, entities will recognize the value of the down round as a beneficial conversion discount to be amortized to earnings. The guidance in ASU 2017-11 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted, and the guidance is to be applied using a full or modified retrospective approach. The Company is evaluating the impact of the revised guidance and does not expect it to have a material impact on its financial results.

v. Pro forma balance sheet and pro forma net loss per ordinary share:

The Company is contemplating the filing of a Registration Statement with the U.S. Securities and Exchange Commission to register the offer and sale of the Company's Ordinary shares in connection with the Company's planned qualified initial public offering ("Qualified IPO") in accordance with the Company's Amended and Restated Articles of Association.

A Qualified IPO is defined as a closing of an offering by the Company of its securities to the public in a bona fide underwriting arrangement under the U.S. Securities Act of 1933, the Israeli Securities Law or similar securities law of another jurisdiction, with gross offering proceeds of not less than $22,000.

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Immediately prior to the closing of the Qualified IPO, all of the issued and outstanding preferred shares will be automatically converted into ordinary shares. The unaudited pro forma balance sheet as of December 31, 2017 has been prepared assuming the automatic conversion of all outstanding preferred shares and A warrants into 73,557,811 ordinary shares and the classification of D-2 warrants into shareholders' equity. Pro forma net loss per ordinary share is disclosed in the consolidated statements of operations, which also gives effect to the assumed conversion of the preferred shares as described above.

NOTE 3:- PREPAID EXPENSES AND OTHER RECEIVABLES

	December 31,	
	2016	2017
Government authorities	$ 170	$ 355
Prepaid expenses	258	305
Grants receivable from IIA	47	100
Lease deposits	28	28
Others	—	4
	$ 503	$ 792

NOTE 4:- PROPERTY AND EQUIPMENT, NET

	December 31,	
	2016	2017
Cost:		
Computers and software	$ 148	$ 191
Laboratory equipment	809	1,613
Furniture and office equipment	110	133
Leasehold improvements	341	1,755
	1,408	3,692
Accumulated depreciation	(561)	(766)
Depreciated cost	$ 847	$ 2,926

Depreciation expenses amounted to $205 and $127 for the years ended December 31, 2017 and 2016, respectively.

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 5:- OTHER PAYABLES AND ACCRUED EXPENSES

	December 31,	
	2016	2017
Employees and payroll accruals	$ 439	$ 507
Accrued expenses	377	730
Other expenses	104	108
	$ 920	$ 1,345

NOTE 6:- COMMITMENTS AND CONTINGENT LIABILITIES

a. The facilities of the Company are leased under operating lease agreements for periods ending no later than 2028. The Company also leases motor vehicles under various operating leases, the latest of which expires in 2020.

Future minimum lease payments under operating leases as of December 31, 2017 are as follows:

As of December 31, 2017	
2018	1,068
2019	1,061
2020	1,021
2021	1,021
2022	1,017
Thereafter	2,905
	$ 8,093

As of December 31, 2017, the Company made advance payments on account of car leases in the amount of $103.

Rental and lease expenses for the years ended December 31, 2017 and 2016 were $785 and $626, respectively.

b. In connection with its research and development programs, through December 31, 2017, the Company received and accrued participation payments from the IIA in the aggregate amount of $4,652. In return for IIA's participation, the Company is committed to pay royalties at a rate of 3% of sales of the developed product, up to 100% of the amount of grants received plus interest at LIBOR rate. Through December 31, 2017, no royalties have been paid or accrued.

c. On December 22, 2016, the Company received a written demand for a finder's fee in amount of $250, in connection with 2nd 2016 SPA. In September 2017, a suit was filed against the Company in the Tel-Aviv Magistrates Court in amount of $250.

The Company believes it has strong defense claims and intends to vigorously defend its position. The Company cannot assess the outcome of this claim due its early stage. The Company included a provision in its consolidated financial statements, which management believe it sufficient.

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 7:- FAIR VALUE MEASUREMENTS

Financial instruments measured at fair value on a recurring basis include convertible preferred shares warrants. The warrants are classified as a liability in accordance with ASC 480-10-25 (see Note 9). These warrants were classified as level 3 in the fair value hierarchy since some of the inputs used in the valuation (the share price) were determined based on management's assumptions. The fair value of the warrants on the issuance date and on subsequent reporting dates was determined using the OPM model. The fair value of the underlying convertible preferred share price was determined by the board of directors considering, among others, a third party valuation. The valuation of the Company was performed using a DCF model. The Company's enterprise value was determined based on financing transactions with third parties and price indications from bankers. The OPM method was then employed to allocate the enterprise value among the Company's various equity classes, deriving a fully marketable value per share for the convertible preferred shares.

The underlying share price was $2.77 for the convertible preferred D-2 shares. The following assumptions were used to estimate the value of the Series D-2 Preferred share warrants as of December 31, 2017: expected volatility of 95.4%, risk free interest rates of 2.69%, dividend yield of 0% and expected term of 4.25 years.

The underlying share price was $2.74 for the convertible preferred A shares. The following assumptions were used to estimate the value of the Series A Preferred share warrants as of December 31 2017: expected volatility of 95.4%, risk free interest rates of 2.69%, dividend yield of 0% and expected term of 4.25 years.

In respect with the issuance warrants during 2016, see also Note 9d.

The change in the fair value of the preferred share warrants liability is summarized below:

	2016	2017
Beginning of year	$ 193	$ 6,616
Issuance of warrants	5,252	—
Expiration of warrants C-1, C-2 and D-1	—	(70)
Change in fair value	1,171	40,853
End of year	$ 6,616	$ 47,399

NOTE 8:- INCOME TAXES

a. Corporate tax rates:

The corporate tax rate in Israel in 2016 and 2017 was 26.5% and 24%, respectively.

On January 4, 2016, the Israeli Parliament's approved the Bill for Amending the Income Tax Ordinance (No. 217) (Reduction of Corporate Tax Rate), 2015, which consists of the reduction of the corporate tax rate from 26.5% to 25%.

In December 2016, the Israeli Parliament approved the Economic Efficiency Law (Legislative Amendments for Applying the Economic Policy for the 2017 and 2018 Budget Years), 2016,

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 8:- INCOME TAXES (Continued)

which reduces the corporate income tax rate to 24% (instead of 25%) effective from January 1, 2017 and to 23% effective from January 1, 2018.

b. Net operating losses carry forward:

The Company has accumulated losses for tax purposes as of December 31, 2017 in the amount of approximately $40,206 which may be carried forward and offset against taxable income in the future for an indefinite period.

c. Deferred taxes:

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company's deferred tax assets are comprised of operating loss carryforwards and other temporary differences.

Significant components of the Company's deferred tax assets are as follows:

	December 31,	
	2016	2017
Reserves and allowances	$ 108	$ 148
Temporary differences	735	941
Loss carryforward	5,749	9,248
Deferred tax assets before valuation allowance	6,592	10,337
Less — valuation allowance	(6,592)	(10,337)
Net deferred tax assets	$ —	$ —

Management currently believes that since the Company has a history of losses, and uncertainty with respect to future taxable income, it is more likely than not that the deferred tax assets will not be utilized in the foreseeable future. Thus, a full valuation allowance was provided to reduce deferred tax assets to their realizable value.

In 2017 and 2016, the main reconciling item of the statutory tax rate of the Company, 24% and 26.5%, respectively, to the effective tax rate of 0%, is tax loss carryforwards for which a full valuation allowance was provided.

d. Tax assessment:

The Company received final tax assessments through 2013.

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 9:- CONVERTIBLE PREFERRED SHARES AND WARRANTS

a. The Composition of the Company's Convertible Preferred shares is as follows:

	December 31, 2016		December 31, 2017	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
	Number of shares			
Series A Convertible Preferred shares of NIS 0.1 par value	4,500,000	4,050,000	4,500,000	4,050,000
Series A-1 Convertible Preferred shares of NIS 0.1 Par value	7,500,000	6,685,770	7,500,000	6,685,770
Series B Convertible Preferred shares of NIS 0.1 par value	5,000,000	4,739,629	5,000,000	4,739,629
Series B-1 Convertible Preferred shares of NIS 0.1 par value	15,628,137	14,655,286	15,628,137	14,655,286
Series C-1 Convertible Preferred shares of NIS 0.1 par value	6,000,000	5,405,210	6,000,000	5,405,210
Series C-2 Convertible Preferred shares of NIS 0.1 par value	3,800,000	3,432,570	3,800,000	3,432,570
Series D-1 Convertible Preferred shares of NIS 0.1 par value	21,000,000	19,887,076	21,000,000	19,887,076
Series D-2 Convertible Preferred shares of NIS 0.1 par value	24,000,003	—	24,000,003	—
Series D-3 Convertible Preferred shares of NIS 0.1 par value	5,000,000	4,827,975	5,000,000	4,827,975
Series E Convertible Preferred shares of NIS 0.1 par value	—	—	9,500,000	9,424,295
Total	92,428,140	63,683,516	101,928,140	73,107,811

The Company issued Series A, A-1, B, B-1, C-1, C-2, D-1, D-3 and E convertible preferred shares between the years 2008 and 2017. The Company classifies the convertible preferred shares outside of shareholders' equity (deficiency) as required by ASC 480-10-S99-3A and ASR 268, since these convertible preferred shares are entitled to liquidation preferences which may trigger a distribution of cash or assets that is not solely within the Company's control.

Pursuant to the Company's Amended and Restated Articles of Incorporation (the "AoA"), a deemed liquidation event would occur, inter alia, upon the closing of the transfer of the Company's securities to a person or a group of affiliated persons, in one or a series of related transactions, if immediately after such transaction, such person or group of affiliated persons would hold 50% or more of the outstanding voting shares of the Company and upon the occurrence of the events listed in the AoA. For the years ended December 31, 2017 and 2016, the Company did not adjust the carrying values of the convertible preferred shares to the deemed liquidation values of such shares since a deemed liquidation event was not probable at each balance sheet date. Subsequent adjustments to increase the carrying values to the ultimate liquidation values will be made only when it becomes probable that such a deemed liquidation event will occur.

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 9:- CONVERTIBLE PREFERRED SHARES AND WARRANTS (Continued)

b. Preferred shares rights:

Series A, A-1, B, B-1, C-1,C-2, D-1,D-3 and E convertible preferred shares confer upon their holders all the rights conferred by Ordinary shares, in addition to certain rights stipulated in the Company's AOA, inter alia, the following:

Dividend rights — the holders of Series A, A-1, B, B-1, C-1, C-2 , D-1, D-3 and E convertible preferred shares shall be entitled to receive on a pari passu basis, prior and in preference to the declaration or payment of any dividend or distribution to the holders of any other class of shares on an as-converted basis if any dividend or distribution is declared by the Company's board of directors, an amount equal to 6% of the applicable original issue price for such preferred shares per annum (the "Preference Dividend").

The preference order is such that Series E, Series D, Series C-2, Series C-1, Series B-1, Series B, Series A-1 and Series A shareholders shall be entitled, in their respective order, to receive, prior and in preference to the above order, any distribution of any asset, capital, earnings or surplus funds of the Company. After the Preference Dividend has been paid in full, the preferred shareholders' shall participate pro-rata and pari-passu, on an as converted basis with the Ordinary shareholders' in the receipt of any additional dividend distributed.

Liquidation rights — In the event of any event of liquidation or deemed liquidation event, the Company shall distribute to the holders of convertible preferred shares, prior to and in preference to any payments to any of the holders of any other classes of shares, a per share amount equal to the original issuance price plus 6% annual interest compounded annually from the date of issuance and up to the date of liquidation for each of their shares. Holders of Series E preferred shares and D preferred shares shall receive an amount equal to the original issuance price thereof, times 1.3, plus 6% annual interest, on the original issue price, compounded annually from the date of issuance and up to the date of liquidation for each of their shares plus an amount equal to the declared but unpaid dividends, less the amount any dividend preference previously declared and actually paid.

The liquidation order is such that Series E, Series D, Series C-2 and Series C-1, Series B-1, Series B Series A-1, and Series A shareholders' shall be entitled, in their respective order, to receive, prior and in preference to the above order any distribution of any asset, capital, earnings or surplus funds of the Company.

All remaining assets shall be distributed among all the shareholders pro rata in proportion to the number of Ordinary shares held by them on an as converted basis. The original issue price of the Series A, A-1, B, B-1 and C-1 Preferred shares is $0.18, $0.21, $0.43, $0.61, and $0.83 per share, respectively, Series C-2, D-1 and D-3 is $1.10 per share and Series E is $1.59 per share.

Voting rights — each holder of Series A, A-1, B, B-1, C-1, C-2, D-1, D-3 and E Convertible Preferred share is entitled to one vote per each share held by it (on an as converted basis).

Conversion — each preferred share is convertible into ordinary shares, at the holder's option, or automatically upon a Qualified Initial Public Offering ("Qualified IPO") of the Company or upon written demand of the Investor Majority (as defined in the AoA).

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 9:- CONVERTIBLE PREFERRED SHARES AND WARRANTS (Continued)

At the current conversion prices, each share of Series A, A-1, B, B-1, C-1, C-2, D-1, D-3 and E will convert to ordinary shares on a 1-for-1 ratio. The current conversion price per preferred share will be adjusted in the event of recapitalizations, splits, Ordinary share dividends and standard anti-dilution events.

c. Financing rounds:

On February 4, 2016, the Company entered into a Share Purchase Agreement (the "2016 SPA") with new and existing investors, the closing of which was consummated on February 24, 2016. According to the 2016 SPA, the Company shall issue to the investors up to 20,388,689 series D-1 Preferred shares for an aggregate amount of up to $22,500, at a price per share of $1.10 and shall grant to the investors and/or any other individuals or entities as instructed by the investors, warrants to purchase up to 20,388,689 D-2 Preferred shares at a price per share of $1.27 against payment of a total exercise amount of up to $25,875.

The Company issued to the investors 19,887,076 series D-1 convertible preferred shares and warrants for an aggregate consideration of $15,944 (net of $5,215 fair value of warrants liability issued to investors and issuance costs as described below). Issuance costs consisting of: (1) $570 in cash, (2) $180 settled as issuance of Preferred D-1 shares to MarketBridges, and (3) $37 value of warrants issued to MarketBridges (as described below).

On August 24, 2016, the Company entered into a Securities Purchase Agreement (the "2nd 2016 SPA ") with new and existing investors, the closing of which was consummated on November 8, 2016. According to the 2nd 2016 SPA and the joinder thereto, the Company shall issue to the investors 4,827,975 Series D-3 Preferred Shares for an aggregate amount of $5,328 at a price per share of $1.10 ($5,053, net of $275 issuance costs in cash).

During August to October 2017, the Company entered into a Securities Purchase Agreement (the "2017 SPA") with new and existing investors for an aggregate amount of up to $15,000. The Company received $13,410 as part of the initial closing and issued to the investors 8,436,650 Series E Preferred Shares (net of $620 issuance costs) at a price per share of $1.59. Issuance costs consisting of: (1) $102 in cash and (2) $518 settled as issuance of Preferred E shares as a finder fee.

During November to December, as part of the deferred closing, the Company entered into Joinder Agreements to the 2017 SPA with new and existing investors, and received an additional amount of $1,570 (net of $45 issuance costs) and issued to the investors 987,645 Series E Preferred Shares, at a price per share of $1.59. The fair value of the Series E Preferred Shares issued in the deferred closing to the 2017 SPA was higher than value of the Series Preferred Shares issued in the initial closing to the 2017 SPA, and accordingly, the Company measured a beneficial feature of $1,255 for the deferred closing investors which was accounted for as a deemed dividend and was recorded as mezzanine equity for the year ended December 31, 2017.

The Company recorded compensation expenses of $387 against mezzanine equity for the year ended December 31, 2017 in respect of a shareholder and director who participated in the deferred closing to the 2017 SPA (see Note 14).

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 9:- CONVERTIBLE PREFERRED SHARES AND WARRANTS (Continued)

The terms of the convertible preferred E shares allow the holders to redeem shares, under certain circumstances, outside of the Company's control. Therefore, these shares are classified as mezzanine equity on the balance sheet and are not included as a component of shareholders' deficiency. The carrying value of the convertible preferred shares is equal to cost. The Company has not adjusted the carrying value to redemption value since it is not probable that the convertible preferred shares will be redeemed.

d. Warrants to purchase preferred shares:

In March 2008, in connection with the March 2008 Founders and Share Purchase Agreement, the Company granted to the investor warrants to purchase preferred A shares, with an exercise price of NIS 0.10.

The A warrants may be converted at any time until the earlier of (1) consummation of an initial public offering on certain stock exchanges as set forth in the warrant terms, with net proceeds to the Company of at least $15,000 (and pre-money valuation of at least $75,000), (2) merger or consolidation of the Company with another company, and (3) the sale of substantially all of the Company's assets or substantially all of the shares to another party. The Company anticipates that the A warrants will be exercised prior to the closing of this offering.

In January 2015, in connection with the receipt of convertible loans in the amount of $1,500 to a certain investor (the "Investor"), the Company issued warrants to purchase preferred shares to Market Bridges Ltd. ("MarketBridges"). The C-1 warrants expired on June 11, 2017 prior to any exercise.

In September 2015, in connection with the issuance of C-2 shares in the amount of $500 to a certain investor (the "New Investor"), the Company issued warrants to purchase preferred shares to MarketBridges. The C-2 warrants expired on September 2, 2017 prior to any exercise.

On February 23, 2016, in connection with 2016 SPA the Company granted to the investors and/or any other individuals or entities as instructed by the investors, warrants to purchase up to 163,109 D-1 Preferred shares and up to 20,050,185 D-2 Preferred shares at a price per share of $1.27 against payment of a total exercise amount of up to $25,875 (see b above).

The 2016 SPA, as amended, provided that the Company shall issue additional D-2 warrants to purchase preferred D-2 shares if the Company did not complete an initial public offering ("IPO") by December 31, 2016 of its shares in the United States, which yields gross proceeds to the Company of at least $22 million. In such event, the exercise price of all the D-2 warrants shall concurrently be reduced to $1.10 per preferred D-2 share. Accordingly, during January 2017, the Company issued an additional 3,007,527 warrants to purchase preferred D-2 shares with an exercise price of $1.10, 48,933 of which were issued as part of the issuance expenses to MarketBridges (see below).

In February 2016, in connection with 2016 SPA and in accordance with the terms of the Service Finance Agreement with MarketBridges, the Company included the following as part of its issuance costs: (1) $360, representing 5% of the investment made by the New Investor (out of which, $180 was settled in cash and $180 as payment for issuance of 163,110 Preferred

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 9:- CONVERTIBLE PREFERRED SHARES AND WARRANTS (Continued)

D-1 shares and issuance of 163,109 warrants to purchase D-1 Preferred shares) and (2) 326,219 issuance of D-2 warrants with an exercise price of $1.27 representing 5% of the shares to be received by the New Investor (see also b above).

All outstanding A and D-2 warrants are classified as a long-term liability and are re-measured at each reporting date, as the underlying shares may be redeemed upon an event which is not solely in the control of the Company.

The D-1 warrants expired on February 4, 2017 prior to any exercise.

The survival of D-2 warrants shall be limited to a period ending upon the earlier of: (i) the lapse of 5 years from closing; or (ii) deemed liquidation event.

The D-2 warrants will be exercised automatically if they are still outstanding on the final day of the warrant period as defined in the warrants grant letter, and if the fair market value of a warrant share is more than the exercise price for such share.

As of December 31, 2017, 23,057,712 D-2 warrants and 450,000 A warrants are outstanding.

NOTE 10:- SHAREHOLDERS' DEFICIENCY

a. Ordinary share capital is composed as follows:

	December 31, 2016		December 31, 2017	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
	Number of shares			
Ordinary shares of NIS 0.01 par value	116,000,000	4,544,628	125,500,000	4,673,211

b. Ordinary shares rights:

The Ordinary shares confers upon its holders the right to participate in the general meetings of the Company, to vote at such meetings (each share represents one vote), and to participate in any distribution of dividends or any other distribution of the Company's property, including the distribution of surplus assets upon liquidation.

c. Share option plans:

The Company has authorized through its 2012 Share Option Plan, the grant of options to officers, directors, advisors, management and other key employees of up to 17,755,506 Ordinary shares. The options granted generally have a three-year vesting period and expire ten years after the date of grant. Options granted under the Company's option plan that are cancelled or forfeited before expiration become available for future grant. As of December 31, 2017, 1,603,536 of the Company's options were available for future grants.

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 10:- SHAREHOLDERS' DEFICIENCY

On July 19, 2015, the board of directors approved that if any transaction (merger, acquisition, reorganization of the company with one or more other entities pursuant to which the company is not the surviving entity or sale of all or substantially all of the assets or shares of the company) is consummated by the Company, then the vesting schedule of the options granted to its senior management shall be accelerated so that 50% of the unvested options shall be fully vested immediately prior to the transaction, and the remaining 50% of the then unvested options shall continue to vest in accordance with the same vesting schedule.

A summary of the status of options to employees under the Company's option plan as of December 31, 2017 and changes during the relevant period ended on that date is presented below:

	Year ended December 31, 2017			
	Number of options	Weighted average exercise price	Aggregate intrinsic value	Weighted average remaining contractual life (years)
Outstanding at beginning of year	8,962,192	0.50	1,306	7.43
Granted	4,738,500	0.86		
Exercised	(128,583)	0.53		
Forfeited and cancelled	(10,699)	0.37		
Outstanding at end of year	13,561,410	0.62	22,596	7.60
Exercisable options	7,786,221	0.46	14,272	6.14
Vested and expected to vest	13,561,410	0.62	22,596	7.60

On November 2, 2017, the Company's compensation committee and board of directors resolved to recommend before the shareholders to grant to the Company's CEO, CFO and CTO options to purchase 1,300,000, 600,000 and 1,300,000 shares, respectively, at an exercise price of $0.92 per share, which was the fair market value known at such date.

The options shall vest quarterly and become exercisable during a three-year period as of the vesting commencement date ($^{1}/_{12}$ at the end of each quarter). It is hereby clarified that if the IPO does not accrue until the eleven month anniversary of the vesting commencement date, any and all options hereby granted shall expire immediately.

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 10:- SHAREHOLDERS' DEFICIENCY (Continued)

A summary of options to employees under the Company's option plan as of December 31, 2016 and changes during the relevant period ended on that date is presented below:

	Year ended December 31, 2016			
	Number of options	Weighted average exercise price	Aggregate intrinsic value	Weighted average remaining contractual life (years)
Outstanding at beginning of year	8,279,411	0.34	877	8.16
Granted	914,845	0.43		
Exercised	—	—		
Forfeited and cancelled	(232,064)	0.62		
Outstanding at end of year	8,962,192	0.50	1,306	7.43
Exercisable options	6,560,734	0.39	1,259	6.79
Vested and expected to vest	8,962,192	0.50	1,306	7.43

The total equity-based compensation expense related to all of the Company's equity-based awards recognized for the year ended December 31, 2016 and 2017, was comprised as follows:

	Year ended December 31,	
	2016	2017
Research and development	289	393
General and administrative	309	982
Total share-based compensation expense	598	1,375

General and administrative costs include compensation expenses of $387 related to the deferred closing of 2017 SPA (see Note 9c).

As of December 31, 2017, there were unrecognized compensation costs of $5,201, which are expected to be recognized over a weighted average period of approximately 2.7 years.

The weighted average grant date fair value of the Company's options granted during the year ended December 31, 2017, and 2016 was $0.86 and $0.49, respectively.

128,583 options were exercised during the year ended December 31, 2017, no options were exercised during the year ended December 31, 2016. The Company's board of directors deemed the fair value of the Company's Ordinary shares to be $2.29 per share as of December 31, 2017.

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 10:- SHAREHOLDERS' DEFICIENCY (Continued)

The options outstanding as of December 31, 2017 are comprised, as follows:

Exercise price(*)	Options outstanding as of December 31, 2017	Weighted average exercise price	Weighted average remaining contractual term	Options exercisable as of December 31, 2017	Weighted average exercise price	Weighted average remaining contractual term
			(years)			(years)
0.03	2,088,368	0.03	5.22	2,088,368	0.03	5.04
0.21	902,960	0.21	5.22	902,960	0.21	5.22
0.43	698,766	0.43	5.33	698,766	0.43	5.33
0.61	2,465,680	0.61	6.33	2,465,680	0.61	6.33
1.10	1,770,541	1.10	7.87	1,215,221	1.10	7.86
0.37	316,595	0.37	8.41	154,176	0.37	8.40
0.47	580,000	0.47	8.98	193,333	0.47	8.98
0.49	191,000	0.49	9.19	47,750	0.49	9.19
0.50	470,000	0.50	9.40	19,967	0.50	9.40
0.92	4,077,500	0.92	9.84	—	0.92	—
	13,561,410	0.62	7.60	7,786,221	0.46	6.14

(*) The exercise price of the options is denominated in NIS and was translated to USD in the table above using the exchange rate as of the issuance date of the options. The options were granted at the Ordinary share par value.

d. Options issued to non-employees:

Outstanding options granted to consultants as of December 31, 2017 were as follows:

Grant date	Options outstanding as of December 31, 2017	Exercise price per share	Options exercisable as of December 31, 2017	Exercisable through
March 2013	186,258	$ 0.21	186,258	March 2023
October 2013	47,858	$ 0.61	47,858	October 2023
June 2014	47,000	$ 0.61	47,000	June 2024
September 2014	47,858	$ 0.61	47,858	September 2024
April 2016	50,000	$ 0.37	29,063	April 2026
December 2016	60,000	$ 0.47	24,825	March 2023
June 2017	1,654,586	$ 0.49	418,391	June 2027
August 2017	47,000	$ 1.11	27,319	August 2027
November 2017	450,000	$ 0.92	—	March 2027
	2,590,560		828,572	

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 11:- FINANCIAL EXPENSES, NET

	Year ended December 31,	
	2016	2017
Financial expenses:		
Revaluation of warrants	1,171	40,783
Others	108	16
Total financial expenses, net	1,279	40,799
Financial income:		
Interest from deposits	(71)	(90)
Foreign currency transaction gains, net	(75)	(21)
Total financial income:	(146)	(111)
Financial expenses, net	$ 1,133	$ 40,688

NOTE 12:- BASIC AND DILUTED NET LOSS PER SHARE

The following table sets forth the computation of the Company's basic and diluted net loss per Ordinary share:

	Year ended December 31,	
	2016	2017
Numerator:		
Net loss attributable to Ordinary shares as reported	$ (11,392)	$ (54,488)
Preferred share preference	(2,608)	(3,399)
Deemed dividend	—	(1,255)
Net loss applicable to Ordinary shareholders	$ (14,000)	$ (59,142)
Denominator:		
Weighted average shares used in computing net loss per Ordinary share, basic and diluted:		
Ordinary share — basic	4,544,628	4,637,405
Ordinary share equivalents	—	—
Ordinary share — dilutive	4,544,628	4,637,405
Net loss per ordinary share, basic and diluted	$ (3.08)	$ (12.75)

The impact of share-based options, warrants, and the convertible preferred shares on earnings per share is anti-dilutive as the Company had a net loss in 2017 and 2016.

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 13:- PRO FORMA BASIC AND DILUTED NET LOSS PER SHARE

The following table sets forth the computation of the Company's pro forma basic and diluted net loss per ordinary share (unaudited):

	Year ended December 31, 2017
	Unaudited
Net loss attributable to ordinary shares as reported	$ (55,743)
Shares used in computing net loss per ordinary share, basic and diluted	4,637,405
Pro forma adjustments to reflect assumed conversion of convertible preferred shares and exercise of warrants A	65,942,754
Shares used in computing pro forma net loss per ordinary share, basic and diluted	70,580,159
Pro forma net loss per ordinary share, basic and diluted	$ (0.79)

The A warrants will expire upon the consummation of the Company's initial public offering. Accordingly, the Company assumes, considering the exercise price of the A warrants and the fair value of the Company's Ordinary Shares at present, and the increase in fair value following the Company's initial public offering, that the investors will exercise the A warrants prior to the warrants' expiration.

The D-2 warrants, on the other hand, do not expire upon the consummation of the Company's initial public offering. Accordingly, no assumptions are made regarding exercise by investors. Furthermore, pursuant to their terms, if at any time the entire class of Series D-2 preferred shares is converted into Ordinary Shares, then the warrant shall automatically be deemed exercisable into Ordinary Shares. Pursuant to the Company's articles of association currently in effect, upon the consummation of the Company's initial public offering, the entire class of Series D-2 preferred shares shall be converted into Ordinary Shares.

NOTE 14:- RELATED PARTY TRANSACTIONS

a. The Company executed a transaction with a related party as detailed below.

As described in Note 9c, on December 20, 2017, as part of the deferred closing of the 2017 SPA a shareholder and director of the Company invested $370 for the issuance of 232,694 Series E Preferred Shares. In this respect, the Company recorded general and administrative compensation expenses of $387 against mezzanine equity for the year ended December 31, 2017.

NOTE 15:- SUBSEQUENT EVENTS

a. The Company evaluates events or transactions that occur after the balance sheet date but prior to the issuance of the consolidated financial statements to identify matters that require

POLYPID LTD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. dollars in thousands (except share and per share data)

NOTE 15:- SUBSEQUENT EVENTS (Continued)

additional disclosure. For its annual consolidated financial statements as of December 31, 2017 and for the year then ended, the Company evaluated subsequent events through February 6, 2018, the date that the consolidated financial statements were issued. Except as described below, the Company has concluded that no subsequent event has occurred that require disclosure.

b. On January 30, 2018, the Board of Directors approved to increase the option pool by 6,000,000 options.

c. On January 30, 2018, the Board of Directors approved a grant of 152,500 options to certain employees. 33% of the options shall vest on the first anniversary of the vesting commencement date, and additional 8.375% of the options shall vest upon the lapse of each full additional three months of the vesting commencement date, for an additional period of two years.

d. On January 30, 2018, the Board of Directors of the Company recommended to the Company's shareholders to approve the grant of 300,000 options to Jacob Harel, the Chairman of the Board of Directors. On February 8, 2018, the shareholders of the Company approved this grant.

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Shares

PolyPid Ltd.

Ordinary Shares

Goldman Sachs & Co. LLC **Cowen**

Cantor

Raymond James **Oppenheimer & Co.**

Through and including , 2018 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Directors, Officers and Employees.

Under the Israeli Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care, but only if a provision authorizing such exculpation is included in its articles of association. Our amended and restated articles of association to be effective upon the closing of this offering include such a provision. A company may not exculpate in advance a director from liability arising out of a breach of the duty of care with respect to a distribution.

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

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

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

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

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

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

- a breach of the duty of care to the company or to a third party, to the extent such a breach arises out of the negligent conduct of the office holder; and

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

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

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

Under the Israeli Companies Law, exculpation, indemnification and insurance of office holders in a public company must be approved by the compensation committee and the board of directors and, with respect to certain office holders or under certain circumstances, also by the shareholders. See "Management — Approval of Related Party Transactions under Israeli Law — Fiduciary Duties of Directors and Executive Officers."

Our amended and restated articles of association to be effective upon the closing of this offering will permit us to exculpate, indemnify and insure our office holders to the fullest extent permitted or to be permitted by the Israeli Companies Law.

We intend to obtain directors and officers liability insurance for the benefit of our office holders and intend to continue to maintain such coverage and pay all premiums thereunder to the fullest extent permitted by the Israeli Companies Law. In addition, prior to the closing of this offering, we intend to enter into agreements with each of our directors and executive officers exculpating them from liability to us for damages caused to us as a result of a breach of duty of care and undertaking to indemnify them, in each case, to the fullest extent permitted by our amended and restated articles of association to be effective upon the closing of this offering and Israeli law, including with respect to liabilities resulting from this offering to the extent that these liabilities are not covered by insurance.

Insofar as the indemnification for liabilities arising under the Securities Act of 1933, as amended, or the Securities Act, may be permitted to directors, officers or persons controlling the registrant, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 7. Recent Sales of Unregistered Securities.

The following list sets forth information as to all securities we have sold since January 1, 2014, which were not registered under the Securities Act.

- In June 2014, we issued an aggregate of 6,605,019 Series B-1 preferred shares pursuant to a private placement, at a price per share of $0.61.
- In June 2015, we issued 3,432,570 Series C-2 preferred shares pursuant to a private placement, at a price per share of $1.10.
- In June 2015, we issued an aggregate of 5,405,210 Series C-1 preferred shares pursuant to convertible loan agreements, at a price per share of $0.83.
- In September 2015, we issued warrants to purchase up to 22,655 Series C-2 preferred shares, at an exercise price per share of $1.10.
- In February 2016, we issued in connection with a private placement: (i) an aggregate of 19,887,076 Series D-1 preferred shares at a price per share of $1.10, (ii) warrants to

purchase up to 163,109 Series D-1 preferred shares, at an exercise price per share of $1.10, and (iii) warrants to purchase up to 20,050,185 Series D-2 preferred shares, which was subsequently adjusted to up to 23,057,712 Series D-2 preferred shares, at an exercise price per share of $1.27.

- In November 2016, we issued an aggregate of 4,827,975 Series D-3 preferred shares pursuant to a private placement, at a price per share of $1.10.

- In August through December 2017, we issued an aggregate of 9,424,295 Series E preferred shares pursuant to a private placement, at a price per share of $1.59.

The sales of the above securities were deemed to be exempt from registration under the Securities Act because they were made outside of the United States of America to certain non-U.S. individuals or entities pursuant to Regulation S or, in reliance upon the exemption from registration provided under Section 4(a)(2) of the Securities Act and the regulations promulgated thereunder.

Additionally, we granted share options to employees, directors, consultants and service providers under our 2012 Plan covering an aggregate of 12,191,413 ordinary shares, with exercise prices ranging from $0.03 to $1.11 per share. Such number excludes options to purchase up to 4,373,057 ordinary shares, which are contingent upon the closing of this offering.

We claimed exemption from registration under the Securities Act for these option grants described above under Section 4(a)(2), Regulation S, or under Rule 701 of the Securities Act as transactions pursuant to written compensatory plans or pursuant to a written contract relating to compensation.

No underwriters were employed in connection with the securities issuances set forth in this Item.

Item 8. Exhibits and Financial Statement Schedules.

(a) Exhibits. See the Exhibit Index attached to this registration statement, which is incorporated by reference herein.

(b) Financial Statement Schedules. Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 9. Undertakings.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC 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, 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 that:

(1) for purposes of determining any liability under the Securities Act, 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; and

(2) for the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

EXHIBIT INDEX

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
1.1	Form of Underwriting Agreement
3.1	Amended and Restated Articles of Association of the Registrant, as currently in effect
3.2	Form of Articles of Association of the Registrant to be effective upon the closing of this offering
4.1	Warrant to purchase Series A Preferred Shares
4.2	Form of Warrant to purchase Series D-2 Preferred Shares
5.1*	Opinion of Zysman, Aharoni, Gayer & Co., Israeli counsel to the Registrant, as to the validity of the ordinary shares
10.1	Form of Officer Indemnity and Exculpation Agreement
10.2	PolyPid Ltd. 2012 Share Option Plan, as amended to date
10.2.1	Amended and Restated PolyPid Ltd. 2012 Share Option Plan
10.3	Amended and Restated Investors' Rights Agreement, dated October 31, 2017, among the Registrant and the shareholders named therein
10.4	Lease Agreement, dated March 27, 2014, by and between the Registrant and Ogen Yielding Real Estate Ltd. (unofficial English translation from Hebrew original)
10.4.1	Addendum to Lease Agreement, dated July 1, 2014, by and between the Registrant and Ogen Yielding Real Estate Ltd. (unofficial English translation from Hebrew original)
10.4.2	Second Addendum to Lease Agreement, dated July 23, 2017, by and between the Registrant and Ogen Yielding Real Estate Ltd. (unofficial English translation from Hebrew original)
10.4.3	Third Addendum to Lease Agreement, dated November 28, 2017, by and between the Registrant and Ogen Yielding Real Estate Ltd. (unofficial English translation from Hebrew original)
21.1	Subsidiaries of the Registrant
23.1	Consent of Kost, Forer, Gabbay & Kasierer, Certified Public Accountants (Israel), an independent registered public accounting firm and a member firm of Ernst & Young LLP
23.2*	Consent of Zysman, Aharoni, Gayer & Co. (included in Exhibit 5.1)
23.3	Consent of Life Science Intelligence, Inc.
24.1	Power of Attorney (included in signature pages of Registration Statement)

* To be provided by amendment.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, 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 Petach Tikva, Israel on this 8th day of February, 2018.

POLYPID LTD.

By: /s/ AMIR WEISBERG

Amir Weisberg
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Amir Weisberg and Dikla Czaczkes Akselbrad, and each of them acting individually, as his or her true and lawful attorneys-in-fact and agents, each with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Registration Statement, including post-effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) increasing the number of securities for which registration is sought, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, with full power of each to act alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ AMIR WEISBERG Amir Weisberg	Chief Executive Officer and Director (Principal Executive Officer)	February 8, 2018
/s/ DIKLA CZACZKES AKSELBRAD Dikla Czaczkes Akselbrad	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 8, 2018
/s/ JACOB HAREL Jacob Harel	Chairman	February 8, 2018
/s/ YECHEZKEL BARENHOLZ, PH.D. Yechezkel Barenholz, Ph.D.	Director	February 8, 2018

SIGNATURE	TITLE	DATE
/s/ NOAM EMANUEL, PH.D. Noam Emanuel, Ph.D.	Director	February 8, 2018
/s/ ELI FRYDMAN PH.D. Eli Frydman Ph.D.	Director	February 8, 2018
/s/ CHAIM HURVITZ Chaim Hurvitz	Director	February 8, 2018
/s/ JACK EITAN KYIET Jack Eitan Kyiet	Director	February 8, 2018
/s/ ANAT TSOUR SEGAL Anat Tsour Segal	Director	February 8, 2018
PolyPid Inc. By: /s/ AMIR WEISBERG Name: Amir Weisberg Title: *President*	AUTHORIZED U.S. REPRESENTATIVE	February 8, 2018

Exhibit 1.1

PolyPid Ltd.

[ ] Ordinary Shares, par value NIS 0.10 per share

Underwriting Agreement

[ ], 2018

Goldman Sachs & Co. LLC,
Cowen and Company, LLC
As representatives (the "Representatives") of the several Underwriters
named in Schedule I hereto,

c/o Goldman Sachs & Co. LLC
200 West Street,
New York, New York 10282-2198

and

c/o Cowen and Company, LLC
599 Lexington Avenue, 27th Floor
New York, New York 10022

Ladies and Gentlemen:

PolyPid Ltd., a company organized under the laws of the State of Israel (the "Company"), proposes, subject to the terms and conditions stated in this underwriting agreement (this "Agreement"), to issue and sell to the Underwriters named in Schedule I hereto (the "Underwriters") an aggregate of [ ] ordinary shares (the "Firm Shares") and, at the election of the Underwriters, up to [ ] additional ordinary shares (the "Optional Shares") of the Company (the Firm Shares and the Optional Shares that the Underwriters elect to purchase pursuant to Section 2 hereof being collectively called the "Shares").

1. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(a) A registration statement on Form F-1 (File No. 333-[ ]) (the "Initial Registration Statement") in respect of the Shares has been filed with the Securities and Exchange Commission (the "Commission"); the Initial Registration Statement and any post-effective amendment thereto, each in the form heretofore delivered to you and, excluding exhibits thereto, to you for each of the other Underwriters, have been declared effective by the Commission in such form; other than a registration statement, if any, increasing the size of the offering (a "Rule 462(b) Registration Statement"), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Act"), which became effective upon filing, no other document with respect to the Initial Registration Statement has been filed with the Commission; and no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration Statement, if any, has been issued and, no proceeding for that purpose has been

initiated or, to the Company's knowledge, threatened by the Commission (any preliminary prospectus included in the Initial Registration Statement or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Act is hereinafter called a "Preliminary Prospectus"; the various parts of the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the Initial Registration Statement at the time it was declared effective, each as amended at the time such part of the Initial Registration Statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the "Registration Statement"; the Preliminary Prospectus relating to the Shares that was included in the Registration Statement immediately prior to the Applicable Time (as defined in Section 1(d) hereof) is hereinafter called the "Pricing Prospectus"; and such final prospectus, in the form first filed pursuant to Rule 424(b) under the Act, is hereinafter called the "Prospectus" and any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Shares is hereinafter called an "Issuer Free Writing Prospectus");

(b) (A) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission, and (B) the Pricing Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain, at the time of filing thereof, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information (as defined in Section 9(b) of this Agreement);

(c) Any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Act is hereinafter called a "Section 5(d) Communication"; and any Section 5(d) Communication that is a written communication within the meaning of Rule 405 under the Act is hereinafter called a "Section 5(d) Writing";

(d) For the purposes of this Agreement, the "Applicable Time" is [ ] p.m. (Eastern time) on the date of this Agreement. The Pricing Prospectus, as supplemented by the information listed on Schedule II(c) hereto, taken together (collectively, the "Pricing Disclosure Package"), as of the Applicable Time, did not, and as of each Time of Delivery (as defined in Section 4(a) of this Agreement) will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus and each Section 5(d) Writing does not conflict with the information contained in the Registration Statement, the Pricing

Prospectus or the Prospectus and each Issuer Free Writing Prospectus and each Section 5(d) Writing, as supplemented by and taken together with the Pricing Disclosure Package, as of the Applicable Time, did not, and as of each Time of Delivery will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements or omissions made in reliance upon and in conformity with the Underwriter Information.

(e) The Registration Statement conforms and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to

the requirements of the Act and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to each part of the Registration Statement, as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, and as of each Time of Delivery, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the case of the Prospectus or any amendment or supplement thereto, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(f) The Company and its subsidiaries, taken as a whole, have not, since the date of the latest audited financial statements included in the Registration Statement and the Pricing Prospectus, (i) sustained any material loss or material interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any material labor dispute or court or governmental action, order or decree or (ii) entered into any transaction or agreement (whether or not in the ordinary course of business) that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole, in each case, in each case otherwise than as set forth or contemplated in the Pricing Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, there has not been (x) any change in the share capital (other than as a result of (i) the grant, vesting, exercise or settlement, if any, of share options or the award, if any, of share options, restricted shares or other equity incentives in the ordinary course of business pursuant to the Company's equity plans that are described in the Registration Statement, the Pricing Prospectus and the Prospectus or (ii) the issuance, if any, of ordinary shares upon conversion of Company securities as described in the Registration Statement, the Pricing Prospectus and the Prospectus) or long-term debt of the Company or any of its subsidiaries or (y) any Material Adverse Effect (as defined below); as used in this Agreement, "Material Adverse Effect" shall mean any material adverse change, or any development involving a prospective material adverse change, in or affecting (i) the business, properties, general affairs, management, financial position, shareholders' equity, results of operations or prospects of the Company and its subsidiaries, taken as a whole, except as set forth or contemplated in the Registration Statement, the Pricing Prospectus and the Prospectus, or (ii) the ability of the Company to perform its obligations under this Agreement, including the issuance and sale of the Shares, or to consummate the transactions contemplated in the Registration Statement, the Pricing Prospectus and the Prospectus;

(g) The Company and its subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property and other assets owned by them, in each case free and clear of all security interests, liens, encumbrances and defects except such as are described in the Registration Statement, the Pricing Prospectus and Prospectus or such as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries; and any real property and buildings held under lease by the Company and its subsidiaries are held by them, to their knowledge, under valid, subsisting and enforceable leases (subject to the effects of (A) bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium or other similar laws relating to or affecting rights or remedies of creditors generally; (B) the application of general principles of equity (including without limitation, concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether enforcement is considered in proceedings at law or in equity); and (C) applicable laws and public policy with respect to rights to indemnity and contribution) with

such exceptions as are not material and do not materially interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries;

(h) The Company has (i) been duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization, with power and authority (corporate and other) to conduct its business as described in the Registration Statement, the Pricing Prospectus and Prospectus, and (ii) been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except, in the case of this clause (ii), where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect, and each "Significant Subsidiary" (as such term is defined in Rule 1-02 of Regulation S-X) of the Company has been listed in the Registration Statement; and (iii) is not currently designated as a "breaching company" (within the meaning of the Companies Law) by the Registrar of the Companies of the State of Israel. Each of clauses (i) and (ii) in this Section 1(h) also apply to each of the Company's subsidiaries. The certificate of incorporation, articles of association and other organizational documents of the Company comply, with the requirements of applicable Israeli law and are in full force and effect;

(i) The Company has an authorized capitalization as set forth in the Pricing Prospectus and all of the issued shares of the Company have been duly and validly authorized and issued and are fully paid and non-assessable, have been issued in compliance, with the Israeli Companies Law 5759-1999 (the "Companies Law") and the Israeli Securities Law 5728-1968, as amended, and the regulations promulgated thereunder (collectively, the "Israeli Securities Law"), and conform in all material respects to the description of the ordinary shares contained in the Pricing Disclosure Package and Prospectus; and all of the issued shares of each Significant Subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and (except, in the case of any foreign subsidiary, for directors' qualifying shares and except as otherwise set forth in the Pricing Prospectus) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, except for such liens or encumbrances that would not be reasonably expected to have a Material Adverse Effect;

(j) The Shares to be issued and sold by the Company to the Underwriters hereunder have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued and fully paid and non-assessable and will conform to the description of

the ordinary shares contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and the issuance of the Shares is not subject to any preemptive or similar rights;

(k) The issue and sale of the Shares and the compliance by the Company with this Agreement and the consummation of the transactions contemplated in this Agreement and the Pricing Prospectus will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (A) any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument (including, without limitation, any other instrument or agreement evidencing, guaranteeing, securing or relating to indebtedness) to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, including (w) any instrument of approval granted to the Company by the Israel Innovation Authority of the Israeli Ministry of Economy and Industry (the "IIA") or (x) any instrument of approval granted to the Company by the Investment Center of the Israeli Ministry of Economy and Industry (the "Investment Center"), (B) the certificate of incorporation, articles of association or by-laws (or other applicable organizational document) of the

Company or any of its subsidiaries, or (C) any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, except (y) such as have been obtained under the Act, the approval by the Financial Industry Regulatory Authority ("FINRA") of the underwriting terms and arrangements, the approval for listing the Shares on The Nasdaq Stock Market Inc.'s Global Market ("Nasdaq"), and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters; and (z) for the filing of certain notices with the Registrar of Companies of the State of Israel regarding the issuance of the Shares and the Company becoming a "public company" (within the meaning of the Companies Law) or the filing of certain information following the Applicable Time with the Investment Center and the IIA, except in the case of clauses (A) and (C) for such conflicts, breaches, defaults or violations that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Subject to the Underwriters' compliance with their obligations under Section 6(f) hereof, the Company is not required to publish a prospectus in the State of Israel under the laws of the State of Israel with respect to the offer or sale of the Shares;

(l) Neither the Company nor any of its subsidiaries is (i) in violation of its certificate of incorporation, articles of association or by-laws (or other applicable organizational document), (ii) in violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, or (iii) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except, in the case of the foregoing clauses (ii) and (iii), for such violations or defaults as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(m) The statements set forth in the Registration Statement, the Pricing Prospectus and Prospectus under the caption "Description of Share Capital", insofar as they purport to constitute a summary of the terms of the Shares, under the caption "Taxation", and under the caption "Underwriting", insofar as they purport to describe the provisions of the laws, legal conclusions related thereto and documents referred to therein, are accurate and complete in all material respects;

(n) Other than as set forth in the Registration Statement, the Pricing Prospectus and the Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject which, if determined adversely to the Company or any of its subsidiaries (or such officer or director), would individually or in the aggregate reasonably be expected to have a Material Adverse Effect; and, to the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or others;

(o) The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof, will not be an "investment company", as such term is defined in the Investment Company Act of 1940, as amended (the "Investment Company Act");

(p) At the time of filing the Initial Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Shares, and at the date hereof, the Company was not and is not an "ineligible issuer," as defined under Rule 405 under the Act;

(q) The Company is a "foreign private issuer" within the meaning of Rule 405 under the Act;

(r) Kost, Forer, Gabbay & Kasierer, a member firm of Ernst & Young LLP, who have certified certain financial statements of the Company and its subsidiaries, are independent public accountants as required by the Act and the rules and regulations of the Commission thereunder;

(s) The Company maintains a system of internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that (i) complies with the requirements of the Exchange Act applicable to the Company and (ii) has been designed by the Company's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and (iii) is sufficient to provide reasonable assurance that (A) transactions are executed in accordance with management's general or specific authorization, (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets, (C) access to assets is permitted only in accordance with management's general or specific authorization and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and the Company's internal control over financial reporting is effective and the Company is not aware of any material weaknesses in its internal control over financial reporting (it being understood that this subsection shall not require the Company to comply with Section 404 of the Sarbanes-Oxley Act (as defined below), as of an earlier date than it would otherwise be required to so comply under applicable law);

(t) Since the date of the latest audited financial statements included in the Pricing Prospectus, there has been no change in the Company's internal control over financial reporting that has materially and adversely affected, or is reasonably likely to materially and adversely affect, the Company's internal control over financial reporting;

(u) The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply with the requirements of the Exchange Act; such disclosure controls and procedures have been designed to ensure that material information relating to the Company and its subsidiaries is made known to the Company's principal executive officer and principal financial officer by others within those entities; and such disclosure controls and procedures are effective;

(v) There are no debt securities or preferred shares issued, or guaranteed by, the Company or any of its subsidiaries that are rated by a "nationally recognized statistical rating organization," as such term is defined in Section 3(a)(62) of the Exchange Act;

(w) This Agreement has been duly authorized, executed and delivered by the Company;

(x) All statistical, demographic and market related data included in the Registration Statement, the Pricing Prospectus and the Prospectus are based on or derived from sources that the Company believes to be reliable and accurate in all material respects. To the extent required, the Company has obtained the written consent to the use of such data from such sources.

(y) None of the Company or any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee, affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) made, offered, promised or authorized any unlawful

contribution, gift, entertainment or other unlawful expense; (ii) made, offered, promised or authorized any direct or indirect unlawful payment; or (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977 ("FCPA"), the Bribery Act 2010 of the United Kingdom, Sections 291 and 291A Israeli Penal Law 5737-1977, or any other applicable anti-bribery or anti-corruption law;

(z) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with the requirements of applicable anti-money laundering laws, including, but not limited to, the Bank Secrecy Act of 1970, as amended by the USA PATRIOT ACT of 2001, and the rules and regulations promulgated thereunder, financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, and the anti-money laundering laws of the various jurisdictions in which the Company and its subsidiaries conduct business (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened;

(aa) None of the Company or any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is currently the subject or the target of any sanctions administered or enforced by the U.S. Government, including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC"), or the U.S. Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person," the European Union, Her Majesty's Treasury, the United Nations Security Council, or other relevant sanctions authority (collectively, "Sanctions"), and the Company will not directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person, or in any country or territory, that, at the time of such funding, is the subject or the target of Sanctions or (ii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions;

(bb) The financial statements included in the Registration Statement, the Pricing Prospectus and the Prospectus, together with the related schedules and notes, present fairly, in all material respects, the financial position of the Company and its subsidiaries at the dates indicated and the statement of operations, shareholders' equity and cash flows of the Company and its subsidiaries for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules, if any, present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Registration Statement, the Pricing Prospectus and the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included therein, except as disclosed therein. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included in the Registration Statement, the Pricing Prospectus or the Prospectus under the Act or the rules and regulations promulgated thereunder. All disclosures contained in the Registration Statement, the Pricing Prospectus and the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply, in all material respects, with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Act, to the extent applicable;

(cc) From the time of initial confidential submission of a registration statement relating to the Shares with the Commission (or, if earlier, the first date on which a Section 5(d) Communication was

made) through the date hereof, the Company has been and is an "emerging growth company" as defined in Section 2(a)(19) of the Act (an "Emerging Growth Company");

(dd) The Company owns or has valid, binding and enforceable licenses or other rights under the patents and patent applications, copyrights, trademarks, trademark registrations, service marks, service mark registrations, trade names, service names, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) and other intellectual property (collectively, "Intellectual Property") that is necessary for, or used in, the business of the Company as currently conducted and currently proposed to be conducted in the manner described in the Registration Statement, the Pricing Prospectus and Prospectus (collectively, the "Company Intellectual Property"). To the Company's knowledge, none of the patents and patent applications contained in the Company Intellectual Property, are invalid or unenforceable, in whole or in part, and the Company is unaware of any facts that would form a reasonable basis for such a determination. None of the rights within the Company Intellectual Property, other than patents and patent applications, are invalid or unenforceable, in whole or in part, and the Company is unaware of any facts that would

form a reasonable basis for such a determination. In each case in which the Company has acquired ownership (or claimed or purported to acquire ownership) of any Company Intellectual Property rights from any third party (including any employee, officer, director, consultant or contractor of the Company), the Company has obtained a valid and enforceable assignment sufficient to irrevocably transfer ownership of and all rights with respect to such Company Intellectual Property rights to the Company. All assignments that are or may be required to be filed or recorded in order to cause such assignment to be valid or effective against *bona fide* purchasers without notice of such assignment have been duly executed and filed or recorded with the USPTO or the U.S. Copyright Office, as applicable, and any applicable Governmental Authority (as defined below) elsewhere. The Company is not obligated to pay a material royalty, grant a license or provide other material consideration to any third party in connection with the Company Intellectual Property. To the Company's knowledge, there are no unreleased liens or security interests which have been filed against any of the Company Intellectual Property. There is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by a third party (i) challenging the Company's rights in or to any Company Intellectual Property, including with respect to ownership and inventorship; (ii) challenging the validity, enforceability or scope of any Company Intellectual Property; or (iii) asserting that the Company has infringed, misappropriated or otherwise violated, or would, upon the commercialization of any products described in the Pricing Prospectus as under development, infringe, misappropriate or otherwise violate, any Intellectual Property rights of others; and, in each of the foregoing cases, the Company (a) is unaware of any facts that would form a reasonable basis for any such action, suit, proceeding or claim and (b) has not received any notice alleging any such claim or conflict. To the knowledge of the Company, there is no unauthorized use or disclosure, infringement or misappropriation or other violation of any Company Intellectual Property rights by any third party. To the knowledge of the Company, (1) neither the commercial development nor the manufacture, sale and/or distribution of any of the products, proposed products or processes of the Company, as described in the Registration Statement, the Pricing Prospectus and Prospectus, infringes, misappropriates or otherwise violates, or would, upon the commercialization of such products or proposed products, infringe, misappropriate or otherwise violate, any Intellectual Property rights of any third party; (2) the Company can acquire, on reasonable terms, any licenses under third-party Intellectual Property that may be necessary for or used in its business, as currently conducted or as proposed to be conducted, as described in the Registration Statement, the Pricing Prospectus and Prospectus; (3) no third party has any ownership right in or to any Company Intellectual Property that is owned by the Company; (4) no third party has any ownership right in or to any Company Intellectual

Property, in any field of use, other than the respective licensor to the Company of such Company Intellectual Property; (5) the Company has the sole and exclusive right to (x) grant licenses to third parties under the Company Intellectual Property and (y) bring a claim or suit against any party for past, present or future infringement of Company Intellectual Property; (6) no employee, officer, director, contractor or consultant of the Company is in or has ever been in violation, in any material respect, of any term of any employment contract, patent disclosure agreement, invention assignment agreement, non-competition agreement, non-solicitation agreement, non-disclosure agreement or other restrictive covenant to or with a former employer where the basis of such violation relates to such person's employment or engagement, or to actions undertaken by such person while employed or engaged, with the Company; and (7) each current and former employee, officer, director, contractor and consultant of the Company who was involved in, or who contributed to, the creation or development of any Company Intellectual Property (A) has executed a customary, valid and effective inventions assignment and confidentiality agreement with the Company, on or about the respective date of hire, and signed copies of such agreements have been made available to the Underwriter and its counsel; and (B) has assigned or agreed to assign to the Company any and all Intellectual Property rights he or she may possess or may have possessed that are related to the Company's business as described in the Registration Statement, the Pricing Prospectus and Prospectus, which agreement also waives (to the extent that such waiver is permissible under law) all non-assignable rights (including moral rights) to such Intellectual Property rights.

(ee) (i) No employee, officer, director, consultant or contractor has reserved any rights in the Company Intellectual Property rights, in whole or in part. The Company does not owe any compensation or remuneration to a current or former employee, officer, director, consultant or contractor in relation to any Company Intellectual Property, including with respect to any patent that is based on an invention of, or copyright that is based on a work of, any current or former employee, officer, director, consultant or contractor of the Company which is included in the Company Intellectual Property rights. All agreements (including employment agreements) between any current or former employee, officer, director, consultant or contractor who has been involved in the conception, design, development, implementation, improvement or testing (alone or with others) of the Company product or Company Intellectual Property rights, and the Company includes an express waiver of such employee's, officer's, director's, consultant's or contractor's right to compensation in connection with service inventions under Section 134 of the Israeli Patent Law 1967, as amended, and any other similar provision under law in the relevant jurisdiction. All current and former employees, consultants and contractors of the Company that have contributed, in any way, to the conception, design, development, implementation, improvement, testing or have otherwise contributed to bringing any Company product or Company Intellectual Property rights to market have executed any and all necessary agreements that would waive, to the extent legally permissible, any right or interest in and to any royalty or other remuneration provided by local custom, administrative regulation, governmental statute or otherwise (including, with respect to Israeli employees under Section 134 of the Israeli Patent Law 1967, as amended, and any other applicable law).

(ii) The Company takes commercially reasonable measures to maintain and protect each material item of Company Intellectual Property and to protect the confidentiality of its trade secrets and other material proprietary information that the Company intends to maintain as trade secrets or confidential information.

(iii) To the Company's knowledge, no Governmental Authority, granting agency, university, college, other academic institution or research center has any ownership or other rights in the Company Intellectual Property. No current or former employee, officer, consultant or contractor of the

Company who was involved in, or who contributed to, the conception, creation, design, or development of any of the Company Intellectual Property, has performed services for or was an employee of any hospital, university, college, other educational institution, Governmental Authority, granting agency, or research center while such employee, officer, consultant or contractor was also performing services for the Company or during the time period in which such employee, officer, consultant or contractor invented, created or developed any Company Intellectual Property.

(iv) Except as described in the Registration Statement, the Pricing Prospectus and the Prospectus, none of the Company products or any products or Company Intellectual Property rights developed or under development by the Company, directly or indirectly, is based upon, uses or incorporates any Intellectual Property rights that were developed using funding provided by the IIA or any other Governmental Authority, nor does the IIA or any Governmental Authority have any ownership interest in or right to restrict the sale, licensing, distribution or transfer of any Company Intellectual Property rights or Company products;

(ff) All patents and patent applications owned by or licensed to the Company or under which the Company has rights have, to the knowledge of the Company, been duly and properly filed and maintained; the parties prosecuting such applications have complied with their duty of candor and disclosure to the USPTO and/or any other relevant patent office in connection with such applications; and the Company is not aware of any facts required to be disclosed to the USPTO and/or any other relevant patent office that were not disclosed to the USPTO and/or any other relevant patent office and which would preclude the grant of a patent in connection with any such application or would reasonably be expected to form the basis of a finding of invalidity with respect to any patents that have issued with respect to such applications;

(gg) The pre-clinical studies and clinical trials conducted by, on behalf of or sponsored by the Company or in which the Company's product candidates participated were and, if still pending are, being conducted in all material respects in accordance with the experimental protocols, procedures and controls established for each study and with all applicable local, state and federal laws, rules and regulations, including, without limitation, the Federal Food, Drug and Cosmetic Act and its applicable implementing regulations at 21 C.F.R. Parts 50, 54, 56, 58, and 312 and the Guidelines for Clinical Trials in Human Subjects implemented pursuant to the Israeli Public Health Regulations (Clinical Trials in Human Subjects); the descriptions of the results of such studies contained in any Pricing Prospectus or Prospectus do not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; except to the extent disclosed in any Pricing Prospectus or Prospectus, the Company is not aware of any studies, the results of which are inconsistent with or otherwise call into question the study results described or referred to in any Pricing Prospectus or the Prospectus; the Company and its subsidiaries have made all such filings and obtained all such approvals as may be required for the conduct of the studies by the Israeli Ministry of Health, the Food and Drug Administration of the U.S. Department of Health and Human Services or any committee thereof or from any other U.S., foreign government or drug or medical device regulatory agency, or health care facility Institutional Review Board (collectively, the "Regulatory Agencies"), except where the failure to make such filing or obtain such approval would not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect; no investigational new drug application filed by or on behalf of the Company with the FDA has been terminated or suspended by the FDA; neither the Company nor any of its subsidiaries has received any notice of, or correspondence from, any Regulatory Agency that it has commenced, or, to the knowledge of the Company, threatened to initiate, any action to place a hold order on, or otherwise terminate, delay or suspend, any proposed

or ongoing pre-clinical or clinical investigation conducted or proposed to be conducted by or on behalf of the Company;

(hh) The Company has operated and currently is in compliance with all applicable Health Care Laws (defined herein), including, without limitation, the rules and regulations of the U.S. Food and Drug Administration ("FDA"), the U.S. Department of Health and Human Services Office of Inspector General, the Centers for Medicare & Medicaid Services, the Office for Civil Rights, the Department of Justice, the Israeli Ministry of Health, or any other governmental agency or body having jurisdiction over the Company or any of its properties, except for such non-compliance as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and has not engaged in activities which are, as applicable, cause for false claims liability, civil penalties, or mandatory or permissive exclusion from Medicare, Medicaid, or any other state or federal health care program, except for such activities as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. For purposes of this Agreement, "Health Care Laws" shall mean the federal Anti-kickback Statute (42 U.S.C. § 1320a-7b(b)), the Physician Payment Sunshine Act (42 U.S.C. § 1320a-7h), the civil False Claims Act (31 U.S.C. §§ 3729 et seq.), the criminal False Claims Act (42 U.S.C. § 1320a-7b(a)), all criminal laws relating to health care fraud and abuse, including but not limited to 18 U.S.C. Sections 286 and 287, and the health care fraud criminal provisions under the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. §§ 1320d et seq.) ("HIPAA"), the exclusion laws (42 U.S.C. § 1320a-7), the civil monetary penalties law (42 U.S.C. § 1320a-7a), HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act (42 U.S.C. §§ 17921 et seq.), the Federal Food, Drug, and Cosmetic Act (21 U.S.C. §§ 301 et seq.), Medicare (Title XVIII of the Social Security Act), or Medicaid (Title XIX of the Social Security Act), or the rules and regulations promulgated in connection with the Health Care Laws, or Israeli or other foreign governmental or regulatory body or authority (each a "Governmental Authority"). The Company has not received any FDA Form 483, notice of adverse finding, warning letter, untitled letter or other correspondence or notice from the FDA or any other Governmental Authority alleging or asserting noncompliance with any Laws applicable to the Company. Additionally, the Company is not a party to nor has any ongoing reporting obligations pursuant to any corporate integrity agreements, deferred prosecution agreements, monitoring agreements, consent decrees, settlement orders, plans of correction or similar agreements with or imposed by any Governmental Authority. Neither the Company, nor, to the knowledge of the Company, any of its respective employees, officers or directors has been excluded, suspended or debarred from participation in any U.S. federal health care program or human clinical research or, is subject to a governmental inquiry, investigation, proceeding, or other similar action that would reasonably be expected to result in debarment, suspension, or exclusion;

(ii) The Company possesses all such permits, certificates, licenses, approvals, clearances, exemptions, registrations, consents and other authorizations (collectively, "Permits") issued by the appropriate Governmental Authorities, including without limitation, all such Permits required by Israeli authorities and by the FDA or any component thereof and/or by any other U.S., state, local or foreign government or drug regulatory agency, necessary to conduct the businesses now operated by it, except where the failure to possess such Permit would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; the Company is in compliance with the terms and conditions of all such Permits, except where the failure to comply would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and all of the Permits are valid and in full force and effect; the Company has fulfilled and performed all of its obligations with respect to the Permits, except where such non-fulfillment and non-performance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and, to the Company's

knowledge, no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other impairment of the rights of the holder of any Permit, except where such impairment would not, individually or in the aggregate, reasonably be expected to a Material Adverse Effect; the Company has not received notice of proceedings relating to the revocation or modification of any such Permits, except where such proceeding would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and to the knowledge of the Company, no Governmental Authority granting any such Permit has taken any action to limit, suspend or revoke the same in any respect, except where such action would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(jj) Each of the Company and its subsidiaries have filed all federal, state, local and foreign income and franchise tax returns required to be filed through the date hereof, subject to permitted extensions, have paid all such taxes due (except where the failure to file or pay would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect), and no material tax deficiency has been determined adversely to the Company;

(kk) Each of the Company and its subsidiaries have insurance covering its properties, operations, personnel and businesses, including, but not limited to, business interruption insurance, policies covering real and personal property owned or leased by the Company and its subsidiaries against theft, damage, destruction, acts of vandalism and earthquakes and policies covering the Company and its subsidiaries for clinical trial liability claims, which insurance insures against such risks and is in such amounts as are, in the Company's reasonable judgment, commercially reasonable for the conduct of its business; and the Company has not (i) received written notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business;

(ll) The Company (i) is in compliance with all, and has not violated any, laws, regulations, ordinances, rules, orders, judgments, decrees, permits or other legal requirements of any Governmental Authority, including without limitation any international, national, state, provincial, regional, or local authority, relating to the protection of human health or safety, the environment, or natural resources, or to hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws") applicable to the Company, which compliance includes, without limitation, obtaining, maintaining and complying with all permits and authorizations and approvals required by Environmental Laws to conduct its business, and (ii) has not received written notice of any actual or alleged violation of Environmental Laws, or of any potential liability for or other obligation concerning the presence, disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, except in the case of (i) and (ii) where the failure to comply or the potential liability or obligation would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as described in the Registration Statement, the Pricing Prospectus and the Prospectus, (A) there are no proceedings that are pending against the Company under Environmental Laws in which a Governmental Authority is also a party and (B) the Company is not aware of any non-compliance with Environmental Laws, or liabilities under Environmental Laws, which would reasonably be expected to have a Material Adverse Effect;

(mm) Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect , (i) each "employee benefit plan" within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), whether or not subject to ERISA, for

which the Company or any member of its "Controlled Group" (defined as any organization which is a member of a controlled group of corporations within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended (the "Code")) would have any liability (each a "Plan") has been maintained in compliance with its terms and with the requirements of all applicable statutes, rules and regulations including ERISA and the Code; (ii) neither the Company nor any member of its Controlled Group has incurred, or reasonably expects to incur, any liability under Title IV of ERISA in respect of a Plan (including a "multiemployer plan," within the meaning of Section 4001(c)(3) of ERISA); (iii) each Plan that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification; (iv) there is no pending audit or investigation by the Internal Revenue Service, the U.S. Department of Labor, the Pension Benefit Guaranty Corporation or any other governmental agency with respect to any Plan that would reasonably be expected to result in material liability to the Company; and (iv) the Company has not incurred any liability for any prohibited transaction, the failure of any Plan to meet the minimum funding standards required by law, including by ERISA or the Code, or any complete or partial withdrawal liability with respect to any Plan;

(nn) No labor dispute with the employees of the Company or, to the knowledge of the Company, is threatened, and the Company is not aware of any existing or threatened labor disturbance by the employees of any of its principal suppliers, manufacturers, customers or contractors that, individually or in the aggregate, would reasonably be expected to result in a material liability to the Company;

(oo) Neither the Company nor any of its subsidiaries has sent or received any communication regarding termination of, or intent not to renew, any of the contracts or agreements referred to or described in any preliminary prospectus, the Prospectus or any free writing prospectus, or referred to or described in, or filed as an exhibit to, the Registration Statement, and no such termination or non-renewal has been threatened by the Company or any of its subsidiaries or, to the Company's knowledge, any other party to any such contract or agreement, which threat of termination or non-renewal has not been rescinded as of the date hereof;

(pp) The Company has not taken, directly or indirectly, any action designed to or that would reasonably be expected to cause or result in stabilization or manipulation of the price of the Shares or of any "reference security" (as defined in Rule 100 of Regulation M under the Exchange Act ("Regulation M")) with respect to the Shares, whether to facilitate the sale or resale of the Shares or otherwise, and has taken no action which would directly or indirectly violate Regulation M; In addition, the Company has not engaged in any form of solicitation, advertising or other action constituting an offer or a sale under the Israeli Securities Law and the regulations promulgated thereunder in connection with the transactions contemplated hereby, which would require the Company to publish a prospectus in the State of Israel under the laws of the State of Israel;

(qq) The Company has taken all necessary actions to ensure that, upon the effectiveness of the Registration Statement, it will be in compliance in all material respects with all provisions of the Sarbanes-Oxley Act of 2002 and all rules and regulations promulgated thereunder or implementing the provisions thereof (collectively, the "Sarbanes-Oxley Act") that are then in effect and with which the Company is required to comply as of the effectiveness of the Registration Statement, and is or will be taking steps to ensure that it will be in compliance in all material respects with other provisions of the Sarbanes-Oxley Act not currently in effect, upon the effectiveness of such provisions, or which will become applicable to the Company at all times after the effectiveness of the Registration Statement;

(rr) There are no business relationships or related-party transactions involving the Company or any other person required to be described in the Registration Statement, the Pricing Prospectus or the Prospectus that have not been described as required;

(ss) Except pursuant to this Agreement, there is no broker, finder or other party that is entitled to receive from the Company any brokerage or finder's fee or other fee or commission as a result of any transactions contemplated by this Agreement;

(tt) The Company has the power to submit, and pursuant to this Agreement, has legally, validly, effectively and irrevocably submitted, to the personal jurisdiction of each United States federal court and New York state court located in the Borough of Manhattan, in the City of New York, New York, U.S.A. (each, a "New York Court"), and the Company has the power to designate, appoint and authorize, and pursuant to this Agreement, has legally, validly, effectively and irrevocably designated, appointed and authorized an agent for service of process in any action arising out of or relating to this Agreement or

the Shares in any New York Court, and service of process effected on such authorized agent will be effective to confer valid personal jurisdiction over the Company;

(uu) Except as provided by laws or statutes generally applicable to transactions of the type described in this Agreement, neither the Company nor any of its respective properties, assets or revenues has any right of immunity under the laws of New York or United States law, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from set-off or counterclaim, from the jurisdiction of any New York or United States federal court, from service of process, attachment upon or prior judgment, or attachment in aid of execution of judgment, or from execution of a judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of a judgment, in any such court, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement. To the extent that the Company or any of its respective properties, assets or revenues may have or may hereafter become entitled to any such right of immunity in any such court in which proceedings may at any time be commenced, the Company waives or will waive such right to the extent permitted by law and has consented to such relief and enforcement as provided in this Agreement;

(vv) Each financial or operational projection or other "forward-looking statement" (as defined by Section 27A of the Securities Act or Section 21E of the Exchange Act) contained in the Registration Statement, the Pricing Prospectus or the Prospectus (i) was so included by the Company in good faith and with reasonable basis after due consideration by the Company of the underlying assumptions, estimates and other applicable facts and circumstances and (ii) is accompanied by meaningful cautionary statements identifying those factors that would reasonably be expected to cause actual results to differ materially from those in such forward-looking statement. No such statement was made with the knowledge of an executive officer or director of the Company that it was false or misleading;

(ww) The Company is in material compliance with all conditions and requirements stipulated (A) by any instruments of approval, granted to it by the IIA, or the Law for Encouragement of Industrial Research and Development, 5744-1984 (the "R&D Law"), with respect to any research and development grants or benefits given to the Company by the IIA and (B) with respect to any instrument of approval granted to it by the Investment Center of the Ministry of Industry, Trade and Labor of the State of Israel with respect to grants or benefits given to the Company. The Company

has not received any notice denying, revoking or modifying any beneficial tax status with respect to any of the Company's facilities or operations or with respect to any grants or benefits from the IIA or the Investment Center (including, in all such cases, notice of proceedings or investigations related thereto). All information supplied by the Company with respect to the applications or notifications relating to such status, grants and benefits from the IIA and/or the Investment Center was true, correct and complete in all material respects when supplied to the appropriate authorities;

(xx) The Company has validly appointed PolyPid Inc., The Atrium at 47 Maple Street, Suite 302A, Summit, NJ 07901, as its authorized agent for service of process in the United States;

(yy) Neither the Company nor any of its properties or assets has any immunity from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution or otherwise) under the laws of the State of Israel;

(zz) No transaction, stamp or other issuance or transfer taxes or similar taxes or duties ("Stamp Taxes") are payable in Israel, and assuming that the Underwriters are not otherwise subject to taxation in Israel due to Israeli tax residence or the existence of a permanent establishment in Israel, no capital gain, income, transfer, withholding or other tax or duty is payable in the State of Israel by or on behalf of the Underwriters to any taxing authority thereof or therein in connection with (i) the issuance, sale and delivery of the Shares by the Company; (ii) the purchase from the Company, and the initial sale and delivery by the Underwriters of the Shares to purchasers thereof; (iii) the holding or transfer of the Shares; or (iv) the execution and delivery of, and the consummation of the transactions contemplated by this Agreement or any other document to be furnished hereunder;

(aaa) The Company and/or its subsidiaries are in material compliance with the Israeli Securities Law. Without derogating from the foregoing, (i) the Company has not engaged in any form of solicitation, advertising or any other action constituting an offer of securities under the Israeli Securities Law in connection with the transactions contemplated hereby which would require the Company to publish a prospectus in the State of Israel under the laws of the State of Israel; and (ii) the Company did not, during each of (i) the 12-month period preceding the date on which Amendment No. [•] to the Registration Statement was filed with the Commission, and (ii) the 12-month period preceding the date hereof, offer or sell securities of the Company to any offerees in Israel that would be counted towards the number of offerees to whom offers or sales of securities may have been made pursuant to the provisions of Section 15A(a)(1) of the Israeli Securities Law and therefore Shares may be offered and sold to up to 35 Non-Accredited Israeli Investors (as defined in Section 6(e) below). All corporate approvals on the part of the Company, including under Chapter 5 of Part VI of the Israeli Companies Law 5759-1999, for the offer or sale of offered shares and the transactions contemplated hereby have been obtained;

(bbb) No proceedings have been instituted in the State of Israel for the dissolution of the Company;

(ccc) All obligations of the Company to provide statutory severance pay to all its currently engaged employees in Israel ("Israeli Employees") are in accordance with Section 14 of the Israeli Severance Pay Law (5723-1963) (the "Severance Pay Law") and are fully funded or are accrued on the financial statements, and all such employees have been subject to the provisions of Section 14 of the Severance Pay Law with respect to their entire salary, as defined under the Severance Pay Law from the date of commencement of their employment with the Company, and the Company has been

in full compliance with the technical and substantive requirements for a Section 14 Arrangement with respect to severance pay with respect to 100% of such salary for which severance pay is due under the Severance Pay Law; and all amounts that the Company is required by contract or applicable law either (A) to deduct from Israeli Employees' salaries or to transfer to such Israeli Employees' pension or provident, life insurance, incapacity insurance, advance study fund or other similar funds or (B) to withhold from their Israeli Employees' salaries and benefits and to pay to any Israeli Governmental Authority as required by applicable Israeli tax Law, have, in each case, been duly deducted, transferred, withheld and paid, and the Company has no outstanding obligation to make any such deduction, transfer, withholding or payment; and

(ddd) All payments (including the issuance of Shares pursuant to this Agreement) to be made by or on behalf of the Company under this Agreement and, except as disclosed in the Registration Statement, the Pricing Prospectus and the Prospectus, all dividends and other distributions declared and payable on the Shares may, under the current laws and regulations of Israel, be paid in United States dollars that may be converted into another currency and freely transferred out of Israel, and all payments referred to in this Section 1.(ddd) will not be subject to withholding or other taxes under the current laws and regulations of Israel and are otherwise payable free and clear of any other tax, withholding or deduction in Israel and without the necessity of obtaining any governmental authorization in Israel.

2. Subject to the terms and conditions herein set forth, (a) the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of $[ ], the number of Firm Shares set forth opposite the name of such Underwriter in Schedule I hereto and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the purchase price per share set forth in clause (a) of this Section 2 (provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares), that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by you so as to eliminate fractional shares) determined by multiplying such number of Optional Shares by a fraction, the numerator of which is the maximum number of Optional Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Optional Shares that all of the Underwriters are entitled to purchase hereunder.

The Company hereby grants to the Underwriters the right to purchase at their election up to [ ] Optional Shares, at the purchase price per share set forth in the paragraph above, for the sole purpose of covering sales of shares in excess of the number of Firm Shares, provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares. Any such election to purchase Optional Shares may be exercised only by written notice from you to the Company, given within a period of 30 calendar days after the date of this Agreement, setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by you but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless you and the Company otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. Upon the authorization by you of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Pricing Prospectus and the Prospectus.

4. (a) The Shares to be purchased by each Underwriter hereunder, in definitive or book-entry form, and in such authorized denominations and registered in such names as the Representatives may request upon at least forty-eight hours' prior notice to the Company shall be delivered by or on behalf of the Company to the Representatives, through the facilities of the Depository Trust Company ("DTC"), for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified by the Company to the Representatives at least forty-eight hours in advance. The Company will cause the certificates, if any, representing the Shares to be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery (as defined below) with respect thereto at the office of DTC or its designated custodian (the "Designated Office"). The time and date of such delivery and payment shall be, with respect to the Firm Shares, 9:30 a.m., New York City time, on [ ], 2018 or such other time and date as the Representatives and the Company may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York time, on the date specified by the Representatives in the written notice given by the Representatives of the Underwriters' election to purchase such Optional Shares, or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the "First Time of Delivery", such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called the "Second Time of Delivery", and each such time and date for delivery is herein called a "Time of Delivery".

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 8 hereof, including the cross receipt for the Shares and any additional documents requested by the Underwriters pursuant to Section 8(m) hereof, will be delivered at the offices of Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022 (the "Closing Location"), and the Shares will be delivered at the Designated Office, all at such Time of Delivery. A meeting will be held at the Closing Location at [ ], New York City time, on the New York Business Day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Section 4, "New York Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City are generally authorized or obligated by law or executive order to close.

5. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form reasonably approved by you and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Act; to make no further amendment or any supplement to the Registration Statement or the Prospectus prior to the last Time of Delivery which shall be reasonably disapproved by you promptly after reasonable notice thereof; to advise you, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish you with copies thereof; to file promptly all material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to advise you, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in

respect of the Shares, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus related to the Shares or suspending any such qualification, to promptly use its reasonable best efforts to obtain the withdrawal of such order;

(b) Promptly from time to time to take such action as you may reasonably request to endeavor to qualify the Shares for offering and sale under the securities laws of such jurisdictions as you may reasonably request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or a dealer in securities or to file a general consent to service of process in any jurisdiction or subject itself to taxation in any such jurisdiction in which it was not otherwise subject to taxation;

(c) Prior to 10:00 a.m., New York City time, on the New York Business Day next succeeding the date of this Agreement (or such later time as may be agreed to by the Company and you) and from time to time, to furnish the Underwriters with written and electronic copies of the Prospectus in New York City in such quantities as you may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required at any time prior to the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus in order to comply with the Act to notify you and upon your request to prepare and furnish without charge to each Underwriter and to any dealer in securities (whose name and address you shall furnish to the Company) as many written and electronic copies as you may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Shares at any time nine months or more after the time of issue of the Prospectus, upon your reasonable request but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many written and electronic copies as you may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(d) To make generally available to its security holders as soon as practicable (which may be satisfied by filing with the Commission's Electronic Data, Gathering, Analysis and Retrieval system ("EDGAR")), but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(e)(1) During the period beginning from the date hereof and continuing to and including the date 180 days after the date of the Prospectus (the "Lock-Up Period"), not to (i) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of,

directly or indirectly, or file with the Commission a registration statement under the Act relating to, any securities of the Company that are substantially similar to the Shares, including but not limited to any options or warrants to purchase ordinary shares or any securities that are convertible into or exchangeable for, or that represent the right to receive, ordinary shares or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the ordinary shares or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of ordinary shares or such other securities, in cash or otherwise, without the prior written consent of the Representatives; provided, however, that the the foregoing restrictions shall not apply to (A) the Shares to be sold hereunder, (B) the issuance by the Company of ordinary shares upon the exercise (including net exercise) of an option expiring prior to the Lock-up Period or warrant, in each case, that is outstanding on the date of this Agreement, (C) the issuance by the Company of ordinary shares or other securities convertible into or exercisable for ordinary shares, in each case pursuant to the Company's equity compensation plans described in the Pricing Prospectus, (D) any ordinary shares or any security convertible into or exercisable for ordinary shares issued by the Company in connection with the acquisition by the Company or any of its subsidiaries of the securities, business, property or other assets of another person or entity or pursuant to an employee benefit plan assumed by the Company in connection with such acquisition, (E) any ordinary shares or any security convertible into or exercisable for ordinary shares issued by the Company in connection with a transaction with an unaffiliated third party that includes a bona fide commercial relationship (including joint ventures, marketing or distribution arrangements, collaboration agreements or intellectual property license agreements), (F) the filing of any registration statement on Form S-8 relating to any benefit plans or arrangements disclosed in the Pricing Prospectus or the Prospectus and the issuance of securities registered pursuant thereto, or (G) any grants of awards pursuant to equity incentive plans existing on the date of this Agreement and disclosed in the Pricing Prospectus; provided that in the case of clauses (D) or (E), the aggregate number of ordinary shares that the Company may sell or issue or agree to sell or issue pursuant to clauses (D) and (E) shall not exceed 5% of the total number of the ordinary shares issued and outstanding immediately following the completion of the transactions contemplated by this Agreement; provided further that in the case of clauses (B) and (C), the Company shall cause each recipient of such securities to execute and deliver to the Representatives, on or prior to the issuance of such securities, a lock-up agreement with substantially the same terms as the lock-up letters referenced in Section 8(k) of this Agreement for the remainder of the Company Lock-Up Period, and enter stop transfer instructions with the Company's transfer agent and registrar on such securities, which the Company agrees it will not waive or amend without the prior written consent of the Representatives, in their sole discretion;

(e)(2) If the Representatives, in their sole discretion, agree to release or waive the restrictions set forth in a lock-up letter described in Section 8(k) hereof for an officer or director of the Company and provide the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Annex I hereto through a major news service at least two business days before the effective date of the release or waiver;

(f) During a period of three years from the effective date of the Registration Statement, to furnish to its shareholders as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, shareholders' equity and cash flows of the Company and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the

fiscal quarter ending after the effective date of the Registration Statement), to make available to its shareholders consolidated summary financial information of the Company and its subsidiaries for such quarter in reasonable detail; provided, however, that the requirements of this Section 5(f) shall be satisfied to the extent that such reports, statements, communications, financial statements or other documents are available on EDGAR;

(g) During a period of three years from the effective date of the Registration Statement, to furnish to you copies of all reports or other communications (financial or other) furnished to shareholders, and to deliver to you as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; provided, however, that the requirements of this Section 5(g) shall be satisfied to the extent that such reports, statements, communications, financial statements or other documents are available on EDGAR;

(h) To use the net proceeds received by it from the sale of the Shares pursuant to this Agreement in the manner specified in the Registration Statement, the Pricing Prospectus, and Prospectus under the caption "Use of Proceeds";

(i) To use its reasonable best efforts to list, subject to notice of issuance, the Shares on Nasdaq;

(j) To file with the Commission such information on Form 20-F as may be required by Rule 463 under the Act;

(k) If the Company elects to rely upon Rule 462(b), the Company shall file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) by 10:00 P.M., Washington, D.C. time, on the date of this Agreement, and the Company shall at the time of filing either pay to the Commission the filing fee for the Rule 462(b) Registration Statement or give irrevocable instructions for the payment of such fee pursuant to Rule 111(b) under the Act;

(l) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Company's trademarks, service marks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Shares (the "License"); provided, however, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred; and

(m) To promptly notify you if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Shares within the meaning of the Act and (ii) the last Time of Delivery.

6. (a) The Company represents and agrees that, without the prior consent of the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; each Underwriter represents and agrees that, without the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus required to be filed with the Commission; any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule II(a) or Schedule II(c) hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission

or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show;

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus or Section 5(d) Writing prepared or authorized by it any event occurred or occurs as a result of which such Issuer Free Writing Prospectus or Section 5(d) Writing prepared or authorized by it would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives and, if reasonably requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus, Section 5(d) Writing or other document which will correct such conflict, statement or omission; provided, however, that this covenant shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with the Underwriter Information;

(d) The Company represents and agrees that (i) it has not engaged in, or authorized any other person to engage in, any Section 5(d) Communications, other than Section 5(d) Communications with the prior consent of the Representatives with entities that are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a) under the Act; and (ii) it has not distributed, or authorized any other person to distribute, any Section 5(d) Writings, other than those distributed with the prior consent of the Representatives that are listed on Schedule II(b) hereto; and the Company reconfirms that the Underwriters have been authorized to act on its behalf in engaging in Section 5(d) Communications;

(e) The Company acknowledges, understands and agrees that the Shares may be offered and sold in Israel only by the Underwriters and only to (i) such Israeli investors listed in the First Addendum to the Israeli Securities Law (the "Addendum") and who submit written confirmation to the Underwriters and the Company that such investor (A) falls within the scope of the Addendum, is aware of the meaning of same and agrees to it and (B) is acquiring the Shares for investment for its own account or, if applicable, for investment for clients who are investors listed in the Addendum and in any event not as a nominee, market maker or agent and not with a view to, or for the resale in connection with, any distribution thereof ("Israeli Accredited Investors") and (ii) such number of offerees in Israel who are not Israeli Accredited Investors ("Non-Accredited Israeli Investors") that does not exceed 35. It is hereby acknowledged and agreed by the Company that any offer or sale of Shares to Non-Accredited Israeli Investors by the Underwriters will be made in reliance on the representation and warranty of the Company in Section 1(zz) above;

(f) Each Underwriter acknowledges, agrees and undertakes that the Shares may be sold in Israel by the Underwriters only to (i) Israeli Accredited Investors and (ii) the number of Non-Accredited Israeli Investors referenced in Section 6(e) above. The Company acknowledges and agrees that the offer or sale Shares by the Underwriters to the number of Non-Accredited Israeli Investors referenced in Section 6(e) above will be made in reliance on the representation and warranty of the Company in Section 1(zz) above; and

(g) Each Underwriter represents and agrees that any Section 5(d) Communications undertaken by it were with entities that are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a) under the Act.

7. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the reasonable fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, any Preliminary Prospectus, any Section 5(d) Writing, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, the Blue Sky Memorandum, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all reasonable expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 5(b) hereof; (iv) up to a maximum of $10,000 of fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky survey; (v) all fees and expenses in connection with listing the Shares on Nasdaq; (vi) the filing fees incident to, and up to a maximum of $35,000 of reasonable fees and disbursements of counsel for the Underwriters in connection with, any required review by FINRA of the terms of the sale of the Shares; (vii) the cost of preparing share certificates; (viii) the cost and charges of any transfer agent or registrar; (ix) all taxes in connection with the issuance, sale and delivery of the Shares by the Company to the Underwriters and the initial sale and delivery by the Underwriters to purchasers thereof; and (x) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, and Sections 9 and 12 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel and any advertising expenses connected with any offers they may make and 50% of the costs of any private aircraft in respect of any investor presentations or road show in connection with the marketing of the Shares.

8. The obligations of the Underwriters hereunder, as to the Shares to be delivered at each Time of Delivery, shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of the Applicable Time and such Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; all material required to be filed by the Company pursuant to Rule 433(d) under the Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433; if the Company has elected to rely upon Rule 462(b) under the Act, the Rule 462(b) Registration Statement shall have become effective by 10:00 P.M., Washington, D.C. time, on the date of this Agreement; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; no stop order suspending or preventing the use of the Registration Statement, the Pricing Prospectus, Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for

additional information on the part of the Commission shall have been complied with to your reasonable satisfaction;

(b) Latham & Watkins LLP, U.S. counsel for the Underwriters, shall have furnished to you such written opinion or opinions, dated such Time of Delivery, in form and substance satisfactory to the Representatives;

(c) Cooley LLP, U.S. counsel for the Company, shall have furnished to you their written opinion and negative assurance letter (each in substantially the form attached hereto as Annex II(A) as previously agreed to by the parties), dated such Time of Delivery, in form and substance reasonably satisfactory to the Representatives;

(d) Yigal Arnon & Co., Israeli counsel for the Underwriters, shall have furnished to you their written opinion, dated such Time of Delivery, in form and substance satisfactory to the Representatives;

(e) Zysman, Aharoni, Gayer & Co., Israeli counsel for the Company, shall have furnished to you their written opinion (in substantially the form attached hereto as Annex II(B) as previously agreed to by the parties), dated such Time of Delivery, in form and substance reasonably satisfactory to the Representatives;

(f) Greenberg Traurig, LLP special counsel for the Company with respect to intellectual property matters, shall have furnished to you their written opinion (in substantially the form attached hereto as Annex II(C) as previously agreed to by the parties), dated such Time of Delivery, in form and substance reasonably satisfactory to the Representatives;

(g) On the date of the Prospectus at a time prior to the execution of this Agreement, at 9:30 a.m., New York City time, on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and also at each Time of Delivery, Kost, Forer, Gabbay & Kasierer, a member firm of Ernst & Young LLP, shall have furnished to you a letter or letters, dated the respective dates of delivery thereof, in form and substance reasonably satisfactory to you;

(h) (i) The Company and its subsidiaries, taken as a whole, shall not have sustained since the date of the latest audited financial statements included in the Pricing Prospectus any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and (ii) since the respective dates as of which information is given in the Pricing Prospectus there shall not have been any Material Adverse Effect, the effect of which, in any such case described in clause (i) or (ii), is in your judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(i) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on Nasdaq; (ii) a suspension or material limitation in trading in the Company's securities on Nasdaq; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or (v)

the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in your judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(j) The Shares to be sold at such Time of Delivery shall have been duly listed, subject to official notice of issuance, on Nasdaq;

(k) The Company shall have obtained and delivered to the Underwriters executed copies of an agreement from the officers, directors, employees, shareholders and holders of any options, warrants or other rights to convert into or acquire share capital, whether in the form of ordinary shares, preferred shares or otherwise, of the Company, representing substantially all of the holders of securities of the Company, substantially to the effect set forth in Annex III hereto in form and substance satisfactory to you;

(l) The Company shall have complied with the provisions of Section 5(c) hereof with respect to the furnishing of prospectuses; and

(m) The Company shall have furnished or caused to be furnished to you at such Time of Delivery certificates of officers of the Company reasonably satisfactory to you as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to such Time of Delivery, as to the matters set forth in subsections (a) and (h) of this Section and as to such other matters as you may reasonably request.

9. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any "roadshow" as defined in Rule 433(h) under the Act (a "roadshow"), or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act or any Section 5(d) Writing prepared or authorized by the Company, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in light of the circumstances under which such statements were made in the case of any Preliminary Prospectus, the Pricing Prospectus, the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act), and will reimburse each Underwriter for any documented legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; *provided*, *however*, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, any amendment or supplement thereto, or any Issuer Free Writing Prospectus, roadshow or any Section 5(d) Writing, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter will indemnify and hold harmless the Company, (the "Company Indemnified Party") against any losses, claims, damages or liabilities to which such Company

Indemnified Party may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow or any Section 5(d) Writing, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in light of the circumstances under which such statements were made in the case of any Preliminary Prospectus, the Pricing Prospectus, the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act), in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow or any Section 5(d) Writing, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred. As used in this Agreement with respect to an Underwriter and an applicable document, "Underwriter Information" shall mean the written information furnished to the Company by such Underwriter through the Representatives expressly for use therein; it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: the concession figure appearing in the fifth paragraph under the caption "Underwriting", and the information contained in the eighth sentence of the ninth paragraph under the caption "Underwriting".

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; provided that the failure to notify the indemnifying party shall not relieve it from any liability that it may have under the preceding paragraphs of this Section 9 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under the preceding paragraphs of this Section 9. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or

contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or

claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by *pro rata* allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section 9 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer affiliate of any Underwriter; and the obligations of the Underwriters under this Section 9 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company (including any person who, with his or her consent, is named in the Registration Statement as about to become a

director of the Company) and to each person, if any, who controls the Company within the meaning of the Act.

10. (a) If any Underwriter shall default in its obligation to purchase the Shares which it has agreed to purchase hereunder at a Time of Delivery, you may in your discretion arrange for you or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter you do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such Shares on such terms. In the event that, within the respective prescribed periods, you notify the Company that you have so arranged for the purchase of such Shares, or the Company notifies you that it has so arranged for the purchase of such Shares, you or the Company shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in your opinion may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of ordinary shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to the Second Time of Delivery, the obligations of the Underwriters to purchase and of the Company to sell the Optional Shares) shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any

investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Shares.

12. If this Agreement shall be terminated pursuant to Section 10 hereof, the Company shall not then be under any liability to any Underwriter except as provided in Sections 7 and 9 hereof; but, if for any other reason, any Shares are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters through you for all documented out-of-pocket expenses approved in writing by you, including documented fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company shall then be under no further liability to any Underwriter except as provided in Sections 7 and 9 hereof; provided, that if this Agreement is terminated by the Underwriters due to the failure to meet the conditions in Section 8(i)(i),(iii),(iv) or (v), then the Company shall not be obligated to pay any such fees and expenses to the Underwriters.

13. In all dealings hereunder, you shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by you jointly or by the Representatives.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to you as the Representatives in care of Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282-2198, Attention: Registration Department, and to Cowen and Company, LLC, 599 Lexington Avenue, New York, New York 10022; and if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth in the Registration Statement, Attention: Secretary; provided, however, that any notice to an Underwriter pursuant to Section 9(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or telex constituting such Questionnaire, which address will be supplied to the Company by you upon request; provided, however, that notices under subsection 5(e) shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to you as the representatives at Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282-2198, Attention: Control Room and Cowen and Company, LLC, 599 Lexington Avenue, New York, New York 10022. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the underwriters to properly identify their respective clients.

14. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and, to the extent provided in Sections 9 and 11 hereof, the officers and directors of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

15. Time shall be of the essence of this Agreement. As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

16. The Company acknowledges and agrees that (i) the purchase and sale of the Shares pursuant to this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or

fiduciary of the Company, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement and (iv) the Company has consulted its own legal and financial advisors to the extent it deemed appropriate. The Company agrees that it will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

17. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

18. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflict of laws that would result in the application of any law other than the laws of the State of New York. The Company agrees that any suit, action or proceeding arising in respect of this Agreement or any transaction contemplated by this Agreement ("Related Proceedings") will be tried exclusively in the U.S. District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, in any state court located in The City and County of New York (collectively, the "Specified Courts") and the Company agrees to submit to the jurisdiction of, and to venue in, such courts in any such suit, action or proceeding (except for proceedings instituted in regard to the enforcement of a judgment of any such court (a "Related Judgment"), as to which such jurisdiction is non-exclusive).

19. The Company and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or any Related Proceedings.

20. With respect to any Related Proceeding, the Company and each of the Underwriters irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any Related Judgment, each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

21. The obligations of the Company pursuant to this Agreement in respect of any sum due to any Underwriter shall, notwithstanding any judgment in a currency other than United States dollars, not be discharged until the first business day, following receipt by any Underwriter of any sum adjudged to be so due in such other currency, on which such Underwriter may in accordance with normal banking procedures purchase United States dollars with such other currency. If the United States dollars so purchased are less than the sum originally due to such Underwriter in United States dollars hereunder, the Company agrees as a separate obligation and notwithstanding any such judgment, to indemnify such Underwriter against such loss. If the United States dollars so purchased are greater than the sum originally due to such Underwriter hereunder, such Underwriter agrees to pay to the Company an amount equal to the excess of the dollars so purchased over the sum originally due to such Underwriter hereunder.

All payments (including payments in kind such as issuance, sale and delivery of Shares by the Company to the Underwriters and the initial sale and delivery of Shares by the Underwriters to purchasers thereof) made by or on behalf of the Company under this Agreement shall be exclusive of any value added tax or any other tax of a similar nature ("VAT") which is chargeable thereon and if any VAT is or becomes chargeable in respect of any such payment, the Company shall pay in addition the amount of such VAT (at the same time and in the same manner as the payment to which such VAT relates). For the avoidance of doubt, all amounts charged by the Underwriters or for which the Underwriters are to be reimbursed will be self-invoiced and payable together with VAT, where applicable. Any amount for which the Underwriters are to be reimbursed or indemnified under this Agreement will be reimbursed or indemnified together with an additional amount equal to any VAT payable (by the Company) in relation to the cost, fee, expense or other amount to which the reimbursement or indemnification relates.

All payments (including payments in kind such as issuance, sale and delivery of Shares by the Company to the Underwriters and the initial sale and delivery of Shares by the Underwriters to purchasers thereof) made or deemed to be made by the Company to the Underwriters, their respective affiliates, directors, officers, employees and agents or to any person controlling any Underwriter under this Agreement, if any, will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (other than taxes on net income or similar taxes) imposed or levied by or on behalf of Israel or of any other jurisdiction in which the Company is organized or incorporated, engaged in business for tax purposes or is otherwise resident for tax purposes or has a permanent establishment, any jurisdiction from or through which a payment is made by or on behalf of the Company, or any political subdivision, authority or agency in or of any of the foregoing having power to tax, unless the Company is or becomes required by law to withhold or deduct such taxes, duties, assessments or other governmental charges. In such event, the Company will pay such additional amounts as will result, after such withholding or deduction, in the receipt by each Underwriter, their respective affiliates, directors, officers, employees and each person controlling any Underwriter, as the case may be, of the amounts that would otherwise have been receivable had such deduction or withholding not been required.

22. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

23. Notwithstanding anything herein to the contrary, the Company is authorized to disclose to any persons the U.S. federal and state, Israeli, foreign or other income tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, "tax structure" is limited to any facts that may be relevant to that treatment.

If the foregoing is in accordance with your understanding, please sign and return to us counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement between each of the Underwriters and the Company. It is understood that your acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement among Underwriters,

the form of which shall be submitted to the Company for examination upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

PolyPid Ltd.

By: _____
Name:
Title:

Accepted as of the date hereof:

Goldman Sachs & Co. LLC

By: _____
Name:
Title:

Cowen and Company, LLC

By: _____
Name:
Title:

On behalf of each of the Underwriters

[Signature Page to Underwriting Agreement (PolyPid)]

SCHEDULE I

Underwriter	Total Number of Firm Shares to be Purchased	Number of Optional Shares to be Purchased if Maximum Option Exercised
Goldman Sachs & Co. LLC	[·]	[·]
Cowen and Company, LLC	[·]	[·]
Cantor Fitzgerald & Co.	[·]	[·]
Raymond James & Associates, Inc.	[·]	[·]
Oppenheimer & Co. Inc.	[·]	[·]
Total		

SCHEDULE II

(a) Issuer Free Writing Prospectuses not included in the Pricing Disclosure Package:

[Electronic roadshow dated [·]]

(b) Section 5(d) writings:

[·]

(c) Information other than the Pricing Prospectus that comprise the Pricing Disclosure Package:

Initial Public Offering Price per ordinary share: $[·]

Number of Firm Shares purchased by the Underwriters: [·]

Number of Optional Shares: [·]

ANNEX I

Form of Press Release

PolyPid Ltd.
[Date]

PolyPid Ltd. (the "Company") announced today that Goldman Sachs & Co. LLC and Cowen and Company, LLC, the lead book-running managers in the Company's recent public sale of [ ] shares of, is [waiving] [releasing] a lock-up restriction with respect to [ ] ordinary shares held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on , 20 , and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

ANNEX II(A)

Form of Opinion of Cooley LLP

ANNEX II(B)

Form of Opinion of Zysman, Aharoni, Gayer & Co.

ANNEX II(C)

Form of Opinion of Greenberg Traurig, LLP

ANNEX III

PolyPid Ltd.

Lock-Up Agreement

, 2018

Goldman Sachs & Co. LLC
Cowen and Company, LLC,
As representatives of the several Underwriters

c/o Goldman Sachs & Co. LLC
200 West Street
New York, New York 10282-2198

and

c/o Cowen and Company, LLC,
599 Lexington Avenue
New York, New York 10022

Re: PolyPid Ltd. - Lock-Up Agreement

Ladies and Gentlemen:

The undersigned understands that you, as representatives (the "Representatives"), propose to enter into an Underwriting Agreement on behalf of the several Underwriters to be named in Schedule I to such agreement (collectively, the "Underwriters"), with PolyPid Ltd., a company organized under the laws of the State of Israel (the "Company"), providing for a public offering (the "Public Offering") of an unspecified number of ordinary shares of the Company (the "Shares") pursuant to a Registration Statement on Form F-1 to be filed with the Securities and Exchange Commission (the "SEC").

In consideration of the agreement by the Underwriters to offer and sell the Shares to the public, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that, during the period beginning from the date of this Lock-Up Agreement and continuing through and including the date that is 180 days after the date set forth on the final prospectus used to sell the Shares (the "Lock-Up Period"), the undersigned will not offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of (each, a "Transaction") any ordinary shares of the Company, or any options or warrants to purchase any ordinary shares of the Company, or any securities convertible into, exchangeable for or that represent the right to receive ordinary shares of the Company, whether now owned or hereinafter acquired, owned directly by the undersigned (including holding as a custodian) or with respect to which the undersigned has beneficial ownership as defined by Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (collectively the "Undersigned's Shares"). The foregoing restriction is expressly agreed to preclude the undersigned from engaging in any hedging or

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other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Undersigned's Shares even if such Shares would be disposed of by someone other than the undersigned to the extent that such of the Undersigned's Shares are controlled by the Undersigned. Such prohibited hedging or other transactions would include, without limitation, any short sale or any purchase, sale or grant of any right (including, without limitation, any put or call option) with respect to any of the Undersigned's Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such of the Undersigned's Shares (collectively, a "Swap Transaction"). If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing provisions shall be equally applicable to any Company-directed Shares the undersigned may purchase in the Public Offering.

If the undersigned is an officer or director of the Company, (i) the Representatives agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of ordinary shares, the Representatives will notify the Company of the impending release or waiver, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Representatives hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

Notwithstanding the foregoing, the undersigned may transfer or otherwise dispose of the Undersigned's Shares (and the foregoing restrictions shall not apply to such transfers or dispositions) (i) as a *bona fide* gift or gifts, provided that the donee or donees thereof agree to be bound in writing by the restrictions set forth herein, (ii) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, (iii) in Transactions or Swap Transactions relating to ordinary shares or securities convertible into or exercisable for ordinary shares acquired in the Public Offering or in open market transactions after the Public Offering closing date, (iv) in connection with the exercise of options, warrants or other rights to acquire ordinary shares or any security convertible into or exercisable for ordinary shares of the Company in accordance with their terms (including the settlement of restricted share units and including, in each case, by way of net exercise and/or to cover withholding tax obligations in connection with such exercise) pursuant to an employee benefit plan, option, warrant or other right disclosed in the Prospectus, provided that any such shares issued upon exercise of expired options, warrants or other rights shall be subject to the restrictions set forth herein, (v) by will or intestacy, (vi) pursuant to a court order or settlement agreement related to the distribution of assets in connection with the dissolution of a marriage or civil union, (vii) to the Company pursuant to agreements under which the Company has the option to repurchase such shares or a right of first refusal with respect to transfers of such shares upon termination of service of the undersigned, (viii) pursuant to the conversion of outstanding preferred shares of the Company into ordinary shares of the Company, provided that the ordinary shares received upon conversion shall be subject to the restrictions set forth herein, (ix) as part of a distribution, transfer or disposition without consideration by the undersigned to its limited or general partners, members, shareholders or affiliates (as defined in Rule 12b-2 under the Exchange Act), provided that the transferee agrees to be bound in writing by the restrictions set forth herein, (x) pursuant to a merger, consolidation, tender offer or other

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similar transaction involving a Change of Control of the Company and approved by the Company's board of directors, provided that, in the event that such Change of Control is not completed, the Undersigned's Shares shall remain subject to the restrictions contained in this Lock-Up Agreement, or (xi) with the prior written consent of the Representatives on behalf of the Underwriters. For purposes of this Lock-Up Agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin. For the purposes of clause (x), "Change of Control" shall mean the transfer (whether by tender offer, merger, consolidation or other similar transaction), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an Underwriter pursuant to the Public Offering), of the Company's voting securities if, after such transfer, such person or group of affiliated persons would hold more than 50% of the outstanding voting securities of the Company (or the surviving entity). In addition, notwithstanding the foregoing, if the undersigned is a corporation, partnership, limited liability company, trust or other business entity, the undersigned may transfer the Undersigned's Shares by transfer to any corporation, partnership, limited liability company or other legal entity that, directly or indirectly, controls, is controlled by, or is under common control with, the undersigned; provided, however, that in any such case, it shall be a condition to the transfer that the transferee execute an agreement stating that the transferee is receiving and holding such ordinary shares subject to the provisions of this Lock-up Agreement and there shall be no further transfer of such ordinary shares except in accordance with this Lock-up Agreement, and provided further that any such transfer shall not involve a disposition for value. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Undersigned's Shares except in compliance with the foregoing restrictions.

Notwithstanding the foregoing, the undersigned may establish a trading plan pursuant to Rule 10b5-1 under the Exchange Act, provided, that (i) the undersigned is not required to and does not otherwise effect any public filing, report or public disclosure of any such action under the Exchange Act, or otherwise, or shall not be required to be voluntarily made by any person until after the expiration of the Lock-Up Period regarding the establishment of such plan and (ii) no sales are made during the Lock-Up Period pursuant to such plan.

In the event that during the Lock-Up Period, the Representatives waive any prohibition on the transfer of the securities held by any record or beneficial holder of the ordinary shares of the Company, the Representatives shall be deemed to have also waived for each Major Holder (as defined below), on the same terms, the prohibitions set forth in this Lock-Up Agreement that would otherwise have applied to such Major Holder with respect to the same percentage of such Major Holder's securities as the relative percentage of aggregate securities held by such party receiving the waiver which are subject to such waiver. The provisions of this paragraph will not apply: (1) unless and until the Representatives have first waived more than 1.0% of the Company's total outstanding ordinary shares (determined as of the date of such waiver and assuming conversion, exercise and exchange of all securities convertible into or exercisable or exchangeable for ordinary shares) from such prohibitions, (2) (a) if the waiver is effected solely to permit a transfer not involving a disposition for value and (b) the transferee has agreed in writing to be bound by the same terms described in this lock-up agreement to the extent and for the duration that such terms remain in effect at the time of the transfer, or (3) if the waiver is granted to a holder of securities in connection with a follow-on public offering of the Company's securities pursuant to a registration statement on Form F-1 that is filed with the Securities and Exchange Commission, provided that such waiver shall only apply with respect to such holder's participation in such follow-on public sale. In the event that, as a result of this paragraph, any securities held by the undersigned are released from the restrictions imposed by this Lock-Up Agreement, the Representatives shall use commercially reasonable efforts to notify the Company within two

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business days of the effective date of such release, and the Company, in turn, in consultation with the Representatives, shall use commercially reasonable efforts to notify the Major Holders within one business day thereafter that the same percentage of aggregate securities held by such Major Holders has been released; provided that the failure to give such notice to the Company or the Major Holders shall not give rise to any claim or liability against the Company or the Underwriters, including the Representatives. Notwithstanding any other provisions of this Lock-Up Agreement, if the Representatives, in their reasonable judgment, after consultation with the Company, determine that a record or beneficial owner of any securities should be granted an early release from this Lock-Up Agreement due to circumstances of an emergency or hardship, then the Major Holders shall not have any right to be granted an early release pursuant to the terms of this paragraph. For purposes of this Lock-Up Agreement, each of the following persons is a "Major Holder": each record or beneficial owner, as of the date hereof, of more than 5% of the outstanding ordinary shares of the Company on an as-converted to ordinary shares basis (for purposes of determining record or beneficial ownership of a shareholder, all ordinary shares held by investment funds affiliated with such shareholder shall be aggregated).

The undersigned understands that the Company and the Underwriters are relying upon this Lock-Up Agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this Lock-Up Agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors, and assigns.

This Lock-Up Agreement (and for the avoidance of doubt, the Lock-Up Period described herein) and related restrictions shall automatically terminate upon the earliest to occur, if any, of (i) the Company advising the Representatives in writing prior to the execution of the Underwriting Agreement

that it has determined not to proceed with the Public Offering, (ii) the termination of the Underwriting Agreement before the sale of any Shares to the Underwriters, (iii) the registration statement filed with the SEC with respect to the Public Offering contemplated by the Underwriting Agreement is withdrawn or (iv) April 30, 2018, in the event the closing of the Public Offering shall not have occurred on or before such date (provided, that the Company may by written notice to the undersigned prior to April 30, 2018 extend such date for a period of up to an additional three months).

[Signature Page Follows]

Very truly yours,

_____

Exact Name of Securityholder

_____

Authorized Signature

_____

Title

THE COMPANIES LAW - 1999

A COMPANY LIMITED BY SHARES

AMENDED AND RESTATED

ARTICLES OF ASSOCIATION OF

POLYPID LTD.

PRELIMINARY

1. In these Articles of Association, unless the context otherwise requires:

The "**Articles**" shall mean the Articles of Association of the Company as shall be in force from time to time.

The "**Aurum Group**" shall mean (i) Aurum Ventures M.K.I. Ltd. ("Aurum") and any entity which Controls Aurum, any entity which Aurum Controls, any entity Controlled by the same entity Controlling Aurum or with respect to any of the aforementioned Aurum entities which is an individual, such Person's spouse, siblings and children or any trust for the benefit of any of the foregoing and any of their respective Controlled entities, and any successor and assignor thereof; and (ii) Dan Gelvan.

The "**Board of Directors**" or "**Board**" shall mean the Company's Board of Directors.

The "**Closing**" shall mean the Closing pursuant to the Purchase Agreement.

The "**Company**" shall mean PolyPid Ltd.

The "**Companies Law**" shall mean the Companies Law 5759-1999, as amended from time to time and the provisions of the Companies Ordinance [New Version] 5743-1983 that remain in effect or are given effect from time to time.

"**Control**" shall mean holding of more than 50% of the issued and outstanding share capital of a company on an as converted basis and/or the voting rights of a company, and/or the right to appoint the majority of the directors of a company.

The "**Directors**" shall mean the members of Company's Board of Directors.

An **"Eligible E Holder"** shall mean any holder of Series E Preferred Shares, holding at least 1% of the Company's issued and outstanding share capital (on an as-converted basis).

An **"Institutional Entity"** shall mean any of the entities listed in the First Supplement of the Securities Law, 5728-1968.

The "**Issuing Date**" shall mean, in the case of a particular Share, the date on which such share was originally issued by the Company to a Shareholder.

The "**Lead Investor**" shall mean Shavit Capital Fund III (US), L.P., a Delaware limited partnership and Gabriel Capital Fund (US), L.P., a Delaware limited partnership.

The "**Limited Partners**" shall mean the following (i) limited partners of Friendly Angels I., L.P. ("**FAC Partnership**"): Gerry Rubens, David Delevi, Shabtay Vogel, Eitan Adres, Leo Malamud, Adi Lahat, Eftan Investment Consulting Ltd., Egon Mining and Exploration Ltd., RB Holding Company S.A., Tiferet Hamechonit Leasing Ltd., WG-Fifth Ave LLC, Six Continents Group LLC Defined Benefit Jeffrey Sacks Trustee, Yaki De Levi, Ory Vogel, Saul Goldberg, Jose Birnabaum, Yuval Harari, Joseph Englhard, Eitan Kyiet, Yosef Paciuk, Arnon Wilinski, Ran Gants, Yossi Zaykovsky and Gil Naor, Neveh-Oded Building & Investment company Ltd., Trans Opera SARL, Guibor S.A., Financiere Saint James S.A.S, H. Stark Investments Ltd., Stark Investments (D.H.) Limited, Friendly Angels, L.P. ("**Partnership**"), Friendly Angels Club Advisors Ltd. and AW Equity S.A and any subsequent limited partner of the Partnership as shall be notified by the general partner of the Partnership and as shall be approved by the Board of Directors of the Company.

The "**Majority E Holders**" shall mean the holders of Series E Preferred Shares holding the majority of the issued and outstanding Series E Preferred Shares.

The "**Majority Investors**" shall mean the holders of Series D-1 Preferred Shares, Series D-2 Preferred Shares and Series D-3 Preferred Shares holding the majority of the issued and outstanding Series D-1 Preferred Shares, Series D-2 Preferred Shares and Series D-3 Preferred Shares, *pari passu*, on an as converted basis which majority shall in all events (except in relation to the provisions of Article 11(d)(i)(B)) include the Lead Investor, as long as the Lead Investor (and its Permitted Transferees) continues to hold at least 50% of the Series D-1 Preferred Shares issued to it at the Closing (not including, for the avoidance of doubt, any Warrant Shares).

The "**Office**" shall mean the registered office of the Company, as it shall be from time to time.

The "**Ordinary Shares**" are as defined in Article 5.

The "**Original Issue Price**" shall generally mean, with respect to each Preferred Share, the original price actually paid or deemed to have been paid to the Company for such Preferred Share, and shall be subject to adjustment as provided herein. The Original Issue Price of each Series A Preferred Share is US$0.18. The Original Issue Price of each Series A-1 Preferred Share is US$0.2094. The Original Issue Price of each Series B Preferred Share is US$0.4295. The Original Issue Price of each Series B-1 Preferred Share is US$0.6056. The Original Issue Price of each Series C-1 Preferred Share is US$0.8276. The

Original Issue Price of each Series C-2 Preferred Share is US$1.1035. The Original Issue Price of each Series D-1 Preferred Share is US$ 1.1036. The Original Issue Price of each Series D-2 Preferred Share shall initially be $1.1036, but such figure shall be as may be adjusted under the Purchase Agreement, the Warrant and/or hereunder from time to time in accordance therewith and herewith. The Original Issue Price of each Series D-3 Preferred Share is US$ 1.1036, and the Original Issue Price of each Series E Preferred Share is US$ 1.5895.

The "**Preferred Shareholders**" shall mean the holders of Preferred Shares.

The "**Preferred Shares**" are as defined in Article 5.

The "**Purchase Agreement"** shall mean the Securities Purchase Agreement dated effective February 2nd, 2016 by and between the Company and the Investors (as such term is defined therein) (the "**Investors**"), including for the avoidance of doubt any joinder thereto.

A "**Provident Fund"** shall mean any of the following (as the case may be): (i) a provident fund, (ii) a study fund, or (iii) a provident fund for severance pay, or (iv) an entity holding shares in the Company on behalf of Provident Fund(s) under its management, as disclosed to the Company.

The "**Register**" shall mean the register of Shareholders that is to be kept pursuant to Section 127 of the Companies Law.

The "**Series A-1 Group**" shall mean the following: Amir Weisberg, Prof. David Segal, Yehuda Nir, Yossi Dotan and Aharon Lukach.

A "**Shareholder**" shall mean any person or entity that is the owner of at least one share of the Company, as registered in the Register.

The "**Shares**" shall mean the Preferred Shares and the Ordinary Shares.

The "**Warrant Shares**" shall mean the Series D-2 Preferred Shares which may be issued upon the exercise of warrants to purchase such shares granted by the Company to any holder thereof ("**Warrants**").

In these Articles, subject to this Article and unless the context otherwise requires, expressions defined in the Companies Law, or any modification thereof in force on the date upon which these Articles become binding on the Company, shall have the meanings so defined therein; and words importing the singular shall include the plural, and vice versa, and words importing the masculine gender shall include the feminine gender, and words importing persons shall include bodies corporate, unless the context requires otherwise. The titles of the Articles are not part of the Articles.

PRIVATE COMPANY

2. The Company is a private company, and accordingly:

(a) the right to transfer the Shares of the Company shall be restricted in the manner hereinafter appearing; and

(b) no invitation shall be issued to the public to subscribe for any shares or debentures or debenture stock of the Company.

3. The Company's objectives are to conduct any legal business. The Company may also make contributions of reasonable amounts for worthy purposes even if such contributions are not made on the basis of business considerations.

OFFICE

4. The Office shall be at such place as the Board of Directors shall from time to time decide.

LIABILITY OF THE SHAREHOLDERS

4A. The liability of a Shareholder for the obligations of the Company will be limited to the payment of the consideration (including the premium) for which his shares were issued to him, but not less than the par value of such shares; except in the event that said shares have been issued to such Shareholder lawfully for a consideration which is below the par value, in which event such Shareholders' liability will be limited to the payment of the consideration for which said shares were issued to him/her/it. The Company may not alter the liability of a Shareholder or obligate any Shareholder to acquire additional shares, without such Shareholder's written consent.

THE CAPITAL

5. The authorized share capital of the Company shall be NIS 22,742,814, comprised of 227,428,140 shares, divided into 125,500,000 Ordinary Shares, nominal value NIS 0.10 per share (the "**Ordinary Shares**"), 4,500,000 Series A Preferred Shares, nominal value NIS 0.10 per share (the "**Series A Preferred Shares**"), 7,500,000 Series A-1 Preferred Shares, nominal value NIS 0.10 per share (the "**Series A-1 Preferred Shares**"), 5,000,000 Series B Preferred Shares, nominal value NIS 0.10 per share (the "**Series B Preferred Shares**"), 15,628,137 Series B-1 Preferred Shares, nominal value NIS 0.10 per share (the "**Series B-1 Preferred Shares**"), 6,000,000 Series C-1 Preferred Shares, nominal value NIS 0.10 per share (the "**Series C-1 Preferred Shares**"), 3,800,000 Series C-2 Preferred Shares, nominal value NIS 0.10 per share (the "**Series C-2 Preferred Shares**", and together with the Series C-1 Preferred Shares, the "**Series C Preferred Shares**"), 21,000,000 Series D-1 Preferred Shares, nominal value NIS 0.10 per share (the "**Series D-1 Preferred Shares**"), 24,000,003 Series D-2 Preferred Shares, nominal value NIS 0.10 per share (the "**Series D-2 Preferred Shares**"), and 5,000,000 Series D-3 Preferred Shares, nominal value NIS 0.10 per share (the "**Series D-3 Preferred Shares**" and together with the Series D-1 Preferred Shares and the Series D-2 Preferred Shares, the "**Series D Preferred Shares**") and 9,500,000 Series E Preferred Shares, nominal value NIS 0.10 per share (the "**Series E Preferred Shares**" and together with the Series A Preferred Shares, Series A-1 Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares, the "**Preferred Shares**").

RIGHTS, PREFERENCES AND RESTRICTIONS OF PREFERRED SHARES

6. The rights, preferences, privileges, and restrictions granted to and imposed on the Preferred Shares, are as set forth below:

DIVIDEND PREFERENCE

7. In the event that the Company will distribute any dividends then:

(a) Prior to and in preference to the distribution of any dividends to the holders of any class or series of shares of the Company (including Ordinary Shares), each of the holders of the Series E Preferred Shares shall be entitled to receive, pari passu among themselves, for each Series E Preferred Share held by it, cumulative dividends (whether paid in cash or otherwise), if and when declared by the Board, out of any funds legally available for distribution therefor, an amount equal to (A) (i) the Original Issue Price for such Series E Preferred Share (ii) *times* 1.3 (the "**Multiplier**"), *plus* (B) interest on the applicable Original Issue Price at the rate of six percent (6%), per annum, calculated from the Issuing Date thereof, compounding annually, (the "**Series E Dividend Preference**").

(b) Following payment in full of the Series E Dividend Preference, and prior to and in preference to the distribution of any dividends to the holders of any class or series of shares of the Company (except the holders of Series E Preferred Shares), each of the holders of the Series D Preferred Shares shall be entitled to receive, pari passu among themselves, for each Series D Preferred Share held by it, cumulative dividends (whether paid in cash or otherwise), if and when declared by the Board, out of any funds legally available for distribution therefor, an amount equal to: (1) with respect to the holders of the Series D-1 Preferred Shares and/or the Series D-2 Preferred Shares - (A) (i) the applicable Original Issue Price for such Series D Preferred Share (ii) *times* the Multiplier, *plus* (B) interest on the applicable Original Issue Price at the rate of six percent (6%), per annum, calculated from the Issuing Date thereof, compounding annually, and (2) with respect to the holders of the Series D-3 Preferred Shares — (A) (i) the applicable Original Issue Price for such Series D-3 Preferred Share (ii) times the Multiplier, plus (B) interest on the applicable Original Issue Price at the rate of six percent (6%), per annum, calculated from the Issuing Date thereof, compounding annually, (the "**Series D Dividend Preference**").

(c) Following payment in full of the Series E Dividend Preference and the Series D Dividend Preference, and prior to and in preference to the distribution of any dividends to the holders of any class or series of shares of the Company (except the holders of Series E Preferred Shares and the Series D Preferred Shares), each of the holders of the Series C Preferred Shares shall be entitled to receive, for each Series C Preferred Share held by it, cumulative dividends (whether paid in cash or otherwise), if and when declared by the Board, out of any funds legally available for distribution therefor, an amount equal to (A) (i) the applicable Original Issue Price for such Series C Preferred Share, plus (B) interest on the applicable Original Issue Price at the rate of six percent (6%), per annum, calculated from the Issuing Date thereof, compounding annually(the "**Series C Dividend Preference**").

(d) Following payment in full of the Series E Dividend Preference, Series D Dividend Preference and the Series C Dividend Preference, and prior to and in preference to the distribution of any dividends to the holders of any class or series of shares of the Company (except the holders of Series E Preferred Shares, Series D Preferred Shares and Series C Preferred Shares), each of the holders of the Series B-1 Preferred Shares shall be entitled to receive, for each Series B-1 Preferred Share held by it, cumulative dividends (whether paid in cash or otherwise), if and when declared by the Board, out of any funds legally available for distribution therefor, an amount equal to (A) (i) the applicable Original Issue Price for such Series B-1 Preferred Share, plus (B) interest on the applicable Original

Issue Price at the rate of six percent (6%), per annum, calculated from the Issuing Date thereof, compounding annually (the "**Series B-1 Dividend Preference**").

(e) Following payment in full of the Series E Dividend Preference, Series D Dividend Preference, the Series C Dividend Preference, and the Series B-1 Dividend Preference, and prior to and in preference to the distribution of any dividends to the holders of any class or series of shares of the Company (except the holders of Series E Preferred Shares, Series D Preferred Shares, Series C Preferred Shares, and Series B-1 Preferred Shares), each of the holders of the Series B Preferred Shares shall be entitled to receive, for each Series B Preferred Share held by it, cumulative dividends (whether paid in cash or otherwise), if and when declared by the Board, out of any funds legally available for distribution therefor, an amount equal to (A) (i) the applicable Original Issue Price for such Series B Preferred Share, plus (B) interest on the applicable Original Issue Price at the rate of six percent (6%), per annum, calculated from the Issuing Date thereof, compounding annually (the "**Series B Dividend Preference**").

(f) Following payment in full of the Series E Dividend Preference, Series D Dividend Preference, the Series C Dividend Preference, Series B-1 Dividend Preference, and the Series B Dividend Preference, and prior to and in preference to the distribution of any dividends to the holders of any class or series of shares of the Company (except the holders of Series E Preferred Shares, Series D Preferred Shares, Series C Preferred Shares, Series B-1 Preferred Shares, and Series B Preferred Shares), each of the holders of the Series A-1 Preferred Shares shall be entitled to receive, for each Series A-1 Preferred Share held by it, cumulative dividends (whether paid in cash or otherwise), if and when declared by the Board, out of any funds legally available for distribution therefor, an amount equal to (A) (i) the applicable Original Issue Price for such Series A-1 Preferred Share, plus (B) interest on the applicable Original Issue Price at the rate of six percent (6%), per annum, calculated from the Issuing Date thereof, compounding annually (the "**Series A-1 Dividend Preference**").

(g) Following payment in full of the Series E Dividend Preference, Series D Dividend Preference, the Series C Dividend Preference, Series B-1 Dividend Preference, Series B Dividend Preference, and the Series A-1 Dividend Preference, and prior to and in preference to the distribution of any dividends to the holders of any class or series of shares of the Company (except the holders of Series E Preferred Shares, Series D Preferred Shares, Series C Preferred Shares, Series B-1 Preferred Shares, Series B Preferred Shares, and Series A-1 Preferred Shares), each of the holders of the Series A Preferred Shares shall be entitled to receive, for each Series A Preferred Share held by it, cumulative dividends (whether paid in cash or otherwise), if and when declared by the Board, out of any funds legally available for distribution therefor, an amount equal to (A) (i) the applicable Original Issue Price for such Series A Preferred Share, plus (B) interest on the applicable Original Issue Price at the rate of six percent (6%), per annum, calculated from the Issuing Date thereof, compounding annually (the "**Series A Dividend Preference**", and together with the Series E Dividend Preference Series D Dividend Preference, the

Series C Dividend Preference, Series B-1 Dividend Preference, Series B Dividend Preference, and the Series A-1 Dividend Preference, the "**Dividend Preferences**").

(h) Following the payment in full of all of the Dividend Preferences set forth in Article 7(a)-(g) above, the holders of the Preferred Shares and the Ordinary Shares shall be entitled to receive, pro rata, on an as-converted basis, any and all other dividends distributed by the Company.

(i) For the avoidance of doubt, no dividends shall be paid on any other class of shares, unless the Dividend Preferences have been paid in full.

(j) Notwithstanding the provisions of Article 7(a), if the aggregate dividend that would be due to the holders of: (1) the Series D Preferred Shares, with respect to each Series D Preferred Share held by them, and/or (2) the Series E Preferred Shares, with respect to each Series E Preferred Share held by them, on the relevant date for such distribution, pursuant to a theoretical distribution to all shareholders under Article 8(a) and 8(b) which does **not** (solely for the purpose of calculating such theoretical distribution) give effect to the Multiplier, equals at least three hundred percent (300%) of the Original Issue Price for such share (the "**3X Cap Amount**"), then (i) the Multiplier shall not apply for such class of Preferred Shares achieving the 3X Cap Amount (including for the avoidance of doubt, in case where the class of the Series D Preferred Shares achieves the 3X Cap Amount, the Series D-3 Preferred Shares), and (ii) the applicable Dividend Preference (i.e., Series D Dividend Preference and/or Series E Dividend Preference, as applicable) for each such Preferred Share will equal (I) (A) the applicable Original Issue Price of such Preferred Share *plus* (B) interest on the applicable Original Issue Price at the rate of six percent (6%) per year, compounding annually from the Issuing Date; *less* (II) the amount of any Dividend Preference previously and actually paid on such class of Preferred Share, and (iii) the holders of such class of Preferred Shares shall receive, upon such distribution, with respect to each Preferred Share held by them on the relevant date for such distribution, their applicable Dividend Preference for such share as modified under clause (ii) above plus the amount payable per such Preferred Share, on an as-converted basis, under Article 7(h).

LIQUIDATION PREFERENCE

8. In the event of any liquidation or winding up of the Company (whether voluntary or involuntary), the commencement of any bankruptcy or insolvency proceeding under any bankruptcy or insolvency or similar law (whether voluntary or involuntary), by or against the Company, which proceedings shall remain un-dismissed for a period of sixty (60) days, or if the Company by any act indicates its consent to, approval of or acquiescence in, any such proceeding, or the appointment of a receiver or liquidator to all or substantially all of the Company's assets which appointment shall remain un-dismissed for a period of sixty (60) days or the making of an assignment for the benefit of creditors (a "**Liquidation**"):

(a) Preferred Preferences.

(1) Series E Preference. The holders of the Series E Preferred Shares shall be entitled to receive, on a pro-rata and pari passu basis among themselves, prior and in preference to any distribution of any of the assets or surplus funds of the Company or otherwise available for distribution to the holders of any of the other securities of the Company by reason of their ownership thereof, for each Series E Preferred Share held by them, an amount equal to: (I) (A) (i) the applicable Original Issue Price of such Preferred Share (ii) *times* the Multiplier, *plus* (B) interest on the applicable Original Issue Price at the rate of six percent (6%) per year, compounding annually, from the Issuing Date; *plus* (II) an amount equal to the declared but unpaid dividends on each such Series E Preferred Share; *less* (III) the amount of any Dividend Preference previously and actually paid on such Series E Preferred Share (the "**Series E Preference**"). If the amount available for distribution in such Liquidation (the "**Distributable Proceeds**") is less than the amount needed to pay the holders of Series E Preferred Shares the full Series E Preference amount as provided herein,

then all such Distributable Proceeds shall be distributed among the holders of the Series E Preferred Shares, on a pro rata basis among them in proportion to the amounts such holders would have received had the Distributable Proceeds been sufficient for the distribution of the entire Series E Preference amount.

(2) Series D Preference. Following payment in full of the Series E Preference, the holders of the Series D Preferred Shares shall be entitled to receive, on a pro-rata and pari passu basis among themselves, prior and in preference to any distribution of any of the assets or surplus funds of the Company or otherwise available for distribution to the holders of any of the other securities of the Company by reason of their ownership thereof (except the holders of Series E Preferred Shares), for each Series D Preferred Share held by them, an amount equal to: (1) with respect to the holders of the Series D-1 Preferred Shares and/or the Series D-2 Preferred Shares - (I) (A) (i) the applicable Original Issue Price of such Preferred Share (ii) *times* the Multiplier *plus* (B) interest on the applicable Original Issue Price at the rate of six percent (6%) per year, compounding annually, from the Issuing Date; *plus* (II) an amount equal to the declared but unpaid dividends on each such Series D-1 Preferred Share and/or Series D-2 Preferred Share (as applicable); *less* (III) the amount of any Dividend Preference previously and actually paid on such Series D-1 Preferred Share and/or Series D-2 Preferred Share (as applicable), and (2) with respect to the holders of Series D-3 Preferred Shares — (I) (A) (i) the applicable Original Issue Price of such Preferred Share (ii) *times* 1.3 *plus* (B) interest on the applicable Original Issue Price at the rate of six percent (6%) per year, compounding annually, from the Issuing Date; *plus* (II) an amount equal to the declared but unpaid dividends on such Series D-3 Preferred Share; *less* (III) the amount of any Dividend Preference previously and actually paid on such Series D-3 Preferred Share, (the "**Series D Preference**"). If Distributable Proceeds remaining available for distribution in such Liquidation following payment in full of the Series E Preference, is less than the amount needed to pay the holders of Series D Preferred Shares the full Series D Preference amount as provided herein, then all such Distributable Proceeds shall be distributed among the holders of the Series D Preferred Shares, on a pro rata basis among them in proportion to the amounts such holders would have received had the Distributable Proceeds been sufficient for the distribution of the entire Series D Preference amount.

(3) Series C Preference. Following payment in full of the Series E Preference and the Series D Preference, the holders of the Series C Preferred Shares shall be entitled to receive, on a pro-rata basis among themselves, prior and in preference to any distribution of any of the assets or surplus funds of the Company or otherwise available for distribution to the holders of any of the other securities of the Company by reason of their ownership thereof (except the holders of Series E Preferred Shares and Series D Preferred Shares), for each Series C Preferred Share held by them, an amount equal to (I) the applicable Original Issue Price of such Preferred Share, *plus* (II) interest on the applicable Original Issue Price at the rate of six percent (6%) per year, compounding annually, from the Issuing Date, *plus* (III) an amount equal to the declared but unpaid dividends on such Series C Preferred Share; *less* (IV) the amount of any Dividend Preference previously and actually paid on such Series C Preferred Share (the "**Series C Preference**"). If the Distributable Proceeds remaining available for distribution in such Liquidation following payment in full of the Series E Preference and the Series D Preference, are less than the

amount needed to pay the holders of Series C Preferred Shares the full Series C Preference amount as provided herein, then all such remaining Distributable Proceeds shall be distributed among the holders of the Series C Preferred Shares, on a pro rata basis among them in proportion to the amounts such

holders would have received had such remaining Distributable Proceeds been sufficient for the distribution of the entire Series C Preference amount.

(4) Series B-1 Preference. Following payment in full of the Series E Preference and the Series D Preference and the Series C Preference, the holders of the Series B-1 Preferred Shares shall be entitled to receive, on a pro-rata basis among themselves, prior and in preference to any distribution of any of the assets or surplus funds of the Company or otherwise available for distribution to the holders of any of the other securities of the Company by reason of their ownership thereof (except the holders of Series E Preferred Shares, Series D Preferred Shares and Series C Preferred Shares), for each Series B-1 Preferred Share held by them, an amount equal to (I) the applicable Original Issue Price of such Preferred Share, *plus* (II) interest on the applicable Original Issue Price at the rate of six percent (6%) per year, compounding annually, from the Issuing Date, *plus* (III) an amount equal to the declared but unpaid dividends on such Series B-1 Preferred Share; *less* (IV) the amount of any Dividend Preference previously and actually paid on such Series B-1 Preferred Share (the "**Series B-1 Preference**"). If the Distributable Proceeds remaining available for distribution in such Liquidation following payment in full of the Series E Preference, the Series D Preference and the Series C Preference, are less than the amount needed to pay the holders of Series B-1 Preferred Shares the full Series B-1 Preference amount as provided herein, then all such remaining Distributable Proceeds shall be distributed among the holders of the Series B-1 Preferred Shares, on a pro rata basis among them in proportion to the amounts such holders would have received had such remaining Distributable Proceeds been sufficient for the distribution of the entire Series B-1 Preference amount.

(5) Series B Preference. Following payment in full of the Series E Preference, the Series D Preference, the Series C Preference, and the Series B-1 Preference, the holders of the Series B Preferred Shares shall be entitled to receive, on a pro-rata basis among themselves, prior and in preference to any distribution of any of the assets or surplus funds of the Company or otherwise available for distribution to the holders of any of the other securities of the Company by reason of their ownership thereof (except the holders of Series E Preferred Shares, Series D Preferred Shares, Series C Preferred Shares, and Series B-1 Preferred Shares), for each Series B Preferred Share held by them, an amount equal to (I) the applicable Original Issue Price of such Preferred Share, *plus* (II) interest on the applicable Original Issue Price at the rate of six percent (6%) per year, compounding annually, from the Issuing Date, *plus* (III) an amount equal to the declared but unpaid dividends on such Series B Preferred Share; *less* (IV) the amount of any Dividend Preference previously and actually paid on such Series B Preferred Share (the "**Series B Preference**"). If the Distributable Proceeds remaining available for distribution in such Liquidation following payment in full of the Series E Preference, the Series D Preference, the Series C Preference, and the Series B-1 Preference, are less than the amount needed to pay the holders of Series B Preferred Shares the full Series B Preference amount as provided herein, then all such remaining Distributable Proceeds shall be distributed among the holders of the Series B Preferred Shares, on a pro rata basis among them in proportion to the amounts such holders would have received had such remaining Distributable Proceeds been sufficient for the distribution of the entire Series B Preference amount.

(6) Series A-1 Preference. Following payment in full of the Series E Preference, the Series D Preference, the Series C Preference, the Series B-1 Preference, and the Series B Preference, the holders of the Series A-1 Preferred Shares shall be entitled to receive, on a pro-rata basis among themselves, prior and in preference to any distribution of

any of the assets or surplus funds of the Company or otherwise available for distribution to the holders of any of the other securities of the Company by reason of their ownership thereof (except the holders of Series E Preferred Shares, Series D Preferred Shares, Series C Preferred Shares, Series B-1 Preferred Shares, and Series B Preferred Shares), for each Series A-1 Preferred Share held by them, an amount equal to (I) the applicable Original Issue Price of such Preferred Share, *plus* (II) interest on the applicable Original Issue Price at the rate of six percent (6%) per year, compounding annually, from the Issuing Date, *plus* (III) an amount equal to the declared but unpaid dividends on such Series A-1 Preferred Share; *less* (IV) the amount of any Dividend Preference previously and actually paid on such Series A-1 Preferred Share (the "**Series A-1 Preference**"). If the Distributable Proceeds remaining available for distribution in such Liquidation following payment in full of the Series E Preference, the Series D Preference, the Series C Preference, the Series B-1 Preference, and the Series B Preference, are less than the amount needed to pay the holders of Series A-1 Preferred Shares the full Series A-1 Preference amount as provided herein, then all such remaining Distributable Proceeds shall be distributed among the holders of the Series A-1 Preferred Shares, on a pro rata basis among them in proportion to the amounts such holders would have received had such remaining Distributable Proceeds been sufficient for the distribution of the entire Series A-1 Preference amount.

(7) Series A Preference. Following payment in full of the Series E Preference, Series D Preference, the Series C Preference, the Series B-1 Preference, the Series B Preference, and the Series A-1 Preference, the holders of the Series A Preferred Shares shall be entitled to receive, on a pro-rata basis among themselves, prior and in preference to any distribution of any of the assets or surplus funds of the Company or otherwise available for distribution to the holders of any of the other securities of the Company by reason of their ownership thereof (except the holders of Series E Preferred Shares, Series D Preferred Shares, Series C Preferred Shares, Series B-1 Preferred Shares, Series B Preferred Shares, and Series A-1 Preferred Shares), for each Series A Preferred Share held by them, an amount equal to (I) the applicable Original Issue Price of such Preferred Share, *plus* (II) interest on the applicable Original Issue Price at the rate of six percent (6%) per year, compounding annually, from the Issuing Date, *plus* (III) an amount equal to the declared but unpaid dividends on such Series A Preferred Share; *less* (IV) the amount of any Dividend Preference previously and actually paid on such Series A Preferred Share (the "**Series A Preference**", and together with the Series E Preference, the Series D Preference, the Series C Preference, the Series B-1 Preference, the Series B Preference, and the Series A-1 Preference, the "**Preferred Preferences**"). If the Distributable Proceeds remaining available for distribution in such Liquidation following payment in full of the Series E Preference, Series D Preference, the Series C Preference, the Series B-1 Preference, the Series B Preference, and the Series A-1 Preference, are less than the amount needed to pay the holders of Series A Preferred Shares the full Series A Preference amount as provided herein, then all such remaining Distributable Proceeds shall be distributed among the holders of the Series A Preferred Shares, on a pro rata basis among them in proportion to the amounts such holders would have received had such remaining Distributable Proceeds been sufficient for the distribution of the entire Series A Preference amount.

(b) Remainder. Following the payment in full of all of the Preferred Preferences set forth in Article 8(a) above, the holders of the Preferred Shares and the Ordinary Shares shall be entitled to receive, pro rata, on an as-converted basis, any and all remaining Distributable Proceeds.

(c) Notwithstanding the provisions of Article 8(a), if the aggregate proceeds that would be due to the holders of: (1) the Series D Preferred Shares, with respect to each Series D-1 Preferred Share and/or Series D-2 Preferred Share held by them, and/or (2) the Series E Preferred Shares, with respect to each Series E Preferred Share held by them, at the closing of the Liquidation, pursuant to a theoretical distribution to all shareholders under Article 8(a) and 8(b) which does **not** (solely for the purpose of calculating such theoretical distribution) give effect to the Multiplier, equals at least the 3X Cap Amount, then (i) the Multiplier shall not apply for such class of Preferred Shares achieving the 3X Cap Amount (including for the avoidance of doubt, in case where the class of the Series D Preferred Shares achieves the 3X Cap Amount, the Series D-3 Preferred Shares), and (ii) the applicable Preferred Preference (i.e., the Series E Preference and/or Series D Preference, as applicable) for each such Preferred Share will equal (I) (A) the applicable Original Issue Price of such Preferred Share *plus* (B) interest on the applicable Original Issue Price at the rate of six percent (6%) per year, compounding annually, from the Issuing Date; plus (II) an amount equal to the declared but unpaid dividends on such class of Preferred Share; *less* (III) the amount of any Dividend Preference previously and actually paid on such class of Preferred Share, and (iii) the holders of such class of Preferred Shares shall receive, at such closing, with respect to each such Preferred Share held by them at the closing of the Liquidation, the applicable Preferred Preference for such share as modified under clause (ii) above plus the amount payable per such Preferred Share, on an as-converted basis, under Article 8(b).

(d) Deemed Liquidation.

(1) General. For purposes of this Article 8, in addition to any Liquidation, or dissolution or winding up of the Company under applicable law, the Company shall, unless otherwise determined by the Majority Investors and the Majority E Holders, be deemed to be wound up in the event of (each a "**Deemed Liquidation**"): (i) the sale of all or substantially all of the intellectual property or assets or shares of the Company or (ii) the acquisition of the Company by another entity by means of any transaction or series of related transactions or any reorganization, merger or consolidation with or into any other corporate entity as a result of which the shares of the Company outstanding immediately prior to such transaction will not represent, or are not converted into or exchanged for shares that represent, immediately following such transaction, fifty percent (50%) or more of the outstanding voting power of the Company or the surviving entity, in each case (i) or (ii) (an "**M&A Event**") whether by a transaction or a series of related transactions; or (iii) any distribution of a dividend or a series of dividends as a result of the sale or worldwide exclusive license of all or substantially all of the intellectual property or assets of the Company.

(2) Allocation of Escrow and Contingent Consideration. In the event of a Deemed Liquidation pursuant to Article 8(d)(1), if any portion of the consideration payable to the Shareholders is payable only upon satisfaction of contingencies (the "**Additional Consideration**"), then (a) the portion of such consideration that is not Additional Consideration (such portion, the "**Initial Consideration**") shall be allocated among the Shareholders in accordance with Article 8(a) and (if relevant) Article 8(b) as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation; and (b) any Additional Consideration which becomes payable to the Shareholders upon satisfaction of such contingencies shall be allocated among the Shareholders in accordance with Article 8(a) and (if relevant) Article 8(b) after taking into account the previous payment of the Initial Consideration as part of the same transaction.

For the purposes of this Article 8(d)(2), consideration placed into escrow or retained as holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation shall be deemed to be Additional Consideration.

(3) Non-Cash Proceeds. In the event of a Deemed Liquidation, if the consideration received by the Company is in whole or in part other than cash, the amount deemed paid or distributed to the Shareholders shall be the value of the property, rights or securities paid or distributed to such Shareholders. The value of such property, rights or securities shall be determined in good faith by the Board.

(e) Definitive Agreements. The definitive agreements by which the Company is bound in connection with a Deemed Liquidation shall be effected shall provide that the proceeds from such transaction shall be distributed in accordance with Article 8(d); it being understood that such proceeds will not include any payments which may be paid to the employees and/or service providers of the Company following the closing in connection with their employment/engagement, in the nature of salaries, bonuses, options, and retention payments (the "**Retention Consideration**").

(f) Non-Compliance. In the event the requirements of this Article 8 are not complied with, the Company shall forthwith either:

(i) cause such closing to be postponed until such time as the requirements of this Article 8 have been complied with; or

(ii) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Preferred Shares shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to above.

(g) Notice. 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 Shareholders' meeting called to approve such transaction, or fourteen (14) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Article 8, and the Company shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than fourteen (14) days after the Company has given the first notice provided for herein or sooner than ten (10) days after the Company has given notice of any material changes provided for herein; provided, however, that such periods may be shortened upon the written consent of the Majority Investors.

CONVERSION OF PREFERRED SHARES INTO ORDINARY SHARES

9. The holders of the Preferred Shares shall have conversion rights as follows (the "**Conversion Rights**"):

(a) Optional Conversion. Each Preferred Share shall be convertible at the option of the holder thereof, at any time after the date of issuance of such share, at the Office of the Company, into such number of fully paid and non-assessable Ordinary Shares as is determined by dividing the applicable Original Issue Price by the applicable Conversion Price

(as defined in and subject to adjustment under Article 9(d)) at the time in effect for such share.

(b) Automatic Conversion. Each Preferred Share shall automatically be converted into such number of fully paid and non-assessable Ordinary Shares as is determined by dividing the applicable Original Issue Price by the applicable Conversion Price (subject to adjustment under Article 9(d)) at the time in effect for such share, upon the earlier to occur of the following (each an "**Automatic Conversion**"): (i) with respect to (A) the Series D Preferred Shares, the date specified by vote or written consent or agreement of the Majority Investors (B) the Series E Preferred Shares, the date specified by vote or written consent or agreement of the Majority E Holders and (C) with respect to all of the remaining (non-Series D) classes of Preferred Shares and excluding the Series E Preferred Shares, (the "**Remaining Preferred**") the holders of the majority of such Remaining Preferred voting as a single class on an as-converted basis (and excluding, in any case, the Series E Preferred Shares); (the "**Remaining Preferred Majority**") and (ii) without derogating from the provisions of Article 9(d)(iii), which shall apply to such event subject to and in accordance with the terms of such Article, upon the closing of the Company's offer, in the United States, of its Ordinary Shares to the public in a firm underwriting pursuant to a registration statement under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any other securities laws (the "**IPO**"), resulting in gross proceeds to the Company of at least US$22,000,000 (the "**QPO**").

(c) Mechanics of Conversion. A holder of Preferred Shares seeking (in the case of a conversion at such holder's option) to convert the same into Ordinary Shares, shall surrender the certificate or certificates therefor, duly endorsed, at the Office of the Company, and shall give written notice by mail, postage prepaid, to the Company at the Office, of the election to convert the same and shall state therein the name or names of any nominee for such holder in which the certificate or certificates for Ordinary Shares are to be issued. Such conversion (in the case of a conversion at such holder's option) shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate representing the 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 an Automatic Conversion, then the conversion shall be deemed to have taken place automatically regardless of whether the certificates representing such shares have been tendered to the Company, but from and after such conversion any such certificates not tendered 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. If the conversion is in connection with a QPO, the conversion may, at the option of any holder tendering Preferred Shares for conversion, be conditioned upon the closing with the underwriter of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Ordinary Shares issuable upon such conversion of the Preferred Shares shall not be deemed to have converted such Preferred Shares until immediately prior to the closing of such QPO. The Company shall, as soon as practicable after the conversion and tender of the certificate for the Preferred Shares converted, issue and deliver at such Office to such holder of Preferred Shares or to the nominee or nominees of such holder of Preferred Shares, a certificate or certificates for the number of Ordinary Shares to which such holder shall be entitled as aforesaid.

(d) Conversion Price and Adjustments. The "**Conversion Price**" with respect to each Preferred Share shall initially be equal to the applicable Original Issue Price of such

Preferred Share, but shall be subject to adjustment under this Article 9(d). The Conversion Price shall be adjusted from time to time as follows:

(i) Subdivision or Combination. If the Company subdivides or combines its Ordinary Shares, the Conversion Price shall be proportionately reduced, in case of a subdivision of shares, as at the effective date of such subdivision, or if the Company fixes a record date for the purpose of so subdividing, as at such record date, whichever is earlier, or shall be proportionately increased, in the case of a combination of shares, as the effective date of such combination, or, if the Company fixes a record date for the purpose of so combining, as at such record date, whichever is earlier.

(ii) Dividend Issuances. Without derogating from Article 7, if the Company at any time pays a dividend, with respect to its Ordinary Shares only, payable in additional Ordinary Shares or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional Ordinary Shares, without any comparable payment or distribution to the holders of Preferred Shares, then the Conversion Price shall be adjusted as at the date the Company fixes as a record date for the purpose of receiving such dividend (or if no such record date is fixed, as at the date of such payment) to that price determined by multiplying the applicable Conversion Price in effect immediately prior to such record date (or if no record date is fixed then immediately prior to such payment) by a fraction (a) the numerator of which shall be the total number of Ordinary Shares issued and outstanding immediately prior to the payment of such dividend and (b) the denominator of which shall be the total number of Ordinary Shares issued and outstanding immediately prior to the payment of such dividend plus the number of Ordinary Shares issuable in payment of such dividend or distribution.

Notwithstanding the foregoing, (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the applicable Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price shall be adjusted pursuant to this subsection (ii) as of the time of actual payment of such dividends or distributions; and (b) no such adjustment shall be made if the holders of Preferred Shares simultaneously receive a dividend or other distribution of Ordinary Shares in a number equal to the number of Ordinary Shares as they would have received if all outstanding Preferred Shares had been converted into Ordinary Shares on the date of such event.

(iii) Price Protection for Investors.

(A) Until immediately following the earlier of a QPO and a Deemed Liquidation, in the event (and in each such event) of (1) a Deemed Liquidation or (2) the issuance or grant of New Shares by the Company (including, for the avoidance of doubt, (A) any issuance of New Shares in or as part of a public offering or in connection therewith, and (B) the transactions constituting the Deemed Liquidation) (each of (1) and (2), an "**Issuance**"), except for an Issuance of Exempt Securities, and unless otherwise approved by the Majority Investors, the Conversion Price applicable to:

(i) the Series D-1 Preferred Shares (the "**Investors' Conversion Price**") shall be reduced (and, for the avoidance of doubt, in no event increased) to a price equal to a 30% discount on the lowest price per share for which the Company issued New Shares in such transaction (such Issuance price, the "**New Price**", and such

adjusted Investors' Conversion Price, as adjusted from time to time hereunder, the "**Adjusted Investors' Conversion Price**"); provided however that for the purposes of this clause, the New Price shall be calculated, at the time of such transaction, as if the fully-diluted share capital of the Company included only 50% of the Warrant Shares actually issued and/or issuable;

(ii) the Warrant Shares (the "**Warrant Shares Conversion Price**") shall be reduced (and, for the avoidance of doubt, in no event increased) so that it equals the product of (x) the Adjusted Investors' Conversion Price as determined under clause (A)(i) above times (y) 1.15 (the "**Adjusted Warrant Shares Conversion Price**").

Notwithstanding the foregoing to the contrary, in the event that (a) a QPO will be consummated within 18 months of the Closing, and (b) the price per share of the Company in the QPO is a price which would not have triggered the Price Protection pursuant to this Article 9(d)(iii) if the QPO had been consummated at the same time as the Closing, then any adjustments previously made to the Investors' Conversion Price solely pursuant to this Article 9(d)(iii) shall be retroactively cancelled.

For example: if the Original Issue Price of the Investors Shares and the Investors' Conversion Price immediately before the Issuance is US$ 0.40 and the New Price is US$ 0.50, the Adjusted Investors' Conversion Price shall be US$ 0.35. The Warrant Shares Conversion Price (assuming there has not been a Trigger Event) shall be reduced to US$ 0.4025. If, however, within 18 months of the Closing, a QPO is consummated, the price per share of the Company at the closing of which shall be US $0.58, then immediately prior to the closing of the QPO, the adjustment to the Adjusted Investors' Conversion Price occasioned by the Issuance at US$ 0.50 shall be retroactively cancelled.

If the New Price is or exceeds US $0.58, then no adjustment will be made to the Conversion Price.

(B) For the purpose of this Article 9(d), the consideration of any New Shares shall be calculated at the U.S. dollar equivalent thereof, on the day such New Shares are issued or deemed to be issued pursuant to Article 9(l).

(C) "**New Shares**" shall mean shares of whatever class issued or deemed to have been issued pursuant to Article 9(l) by the Company other than the following exempt securities (the "**Exempt Securities**"): (i) shares or options to be issued to employees, consultants, Directors or observers of the Company (but not including (except for the purpose of this Article 9(d)(iii)(C)(iv) below), a grant, reservation and/or issuance to Amir Weisberg or Noam Emanuel (unless otherwise will be approved by the Lead Investor, in which case such grant of securities will be deemed as Exempt Securities ("**Key Shareholder's Securities**"))), under the Company's share option plan approved by the Company's board ("**ESOP**"); notwithstanding the foregoing to the contrary, however, solely for purposes of Article 9(d)(v) below, the Key Shareholders' Securities will be deemed as Exempt Securities, (ii) shares issued pursuant to the conversion of the Preferred Shares, (iii) Ordinary Shares, issued or issuable, as a share dividend or upon any subdivision of Ordinary Shares, or pursuant to any event for which adjustment is made pursuant to Sub-Articles 9(d)(i), 9(d)(ii), d(iii), d(iv) or 9(f), in which in each case all of the security holders are treated proportionately with the amount of securities they hold, (iv) the issuance of securities pursuant to the

conversion or exercise of convertible or exercisable securities, options or warrants, outstanding as of the Closing, in accordance with their respective terms in effect as of the Closing, and (v) any securities issued or granted to an investor which is deemed by the Board, in good faith, as a strategic investor and is approved by the Lead Investor. For the avoidance of doubt, the holders of the Series D-1 Preferred Shares and Series D-2 Preferred Shares have waived their rights to adjust their Investors' Conversion Price pursuant to this Article 9(d) as a result of the issuance of Series D-3 Preferred Shares at the Series D-3 Original Issue Price set forth herein (US$ 1.1036) pursuant to the Securities Purchase Agreement signed between the Company and certain investors on August 24, 2016 (the "**Series D-3 SPA**"), and accordingly, solely for the purpose of Article 9(d)(iii)(A) (price protection for investors), and solely for the purpose of the capital raise pursuant to the Series D-3 SPA, the holders of Series D-3 Preferred Shares acquired under the Series D-3 SPA shall be deemed by the Board as strategic investors approved by the Lead Investor.

(D) In the event of a Deemed Liquidation, there shall be deemed to have been an Issuance by the Company at the price per share of Company shares reflected by the valuation attributed to the Company in such transaction, on an as-converted and fully-diluted basis (but not including for such purpose the additional securities to be issued by the Company in conjunction with such transaction pursuant to this Article 9(d)(iii)), provided however that for the purposes of this Article 9(d)(iii), the New Price shall be calculated, at the time of such transaction, as if the fully-diluted share capital of the Company included only 50% of the Warrant Shares actually issued and/or then issuable, as provided in Article 9(d)(iii)(A)(i).

(iv) Trigger Event Adjustment. In the event that, prior to December 31, 2016, the consummation of the QPO has not occurred (the "**Trigger Event**"), then at such time, unless otherwise will be approved by the Majority Investors, the Warrant Shares Conversion Price shall be reduced (and, for the avoidance of doubt, in no event increased) to an Adjusted Warrant Shares Conversion Price equal to the Adjusted Investors' Conversion Price. In the event of any Issuances after the Trigger Event, the Adjusted Warrant Shares Conversion Price under clause (iii)(A)(ii) above shall, notwithstanding the provisions of such clause, be reduced (and, for the avoidance of doubt, in no event increased) so that it equals the Adjusted Investors' Conversion Price as determined in such event under clause (iii)(A)(i) above.

(v) Adjustment of Conversion Price for Certain Dilutive Issuances with respect to the Series E Preferred Shares, Series D-3 Preferred Shares, Series C-1 Preferred Shares, Series C-2 Preferred Shares, Series B-1 Preferred Shares, Series B Preferred Shares and the Series A-1 Preferred Shares. If, at any time, the Company shall issue any New Shares for no consideration or at a price per share less than the applicable Conversion Price of the Series E Preferred Shares, Series D-3 Preferred Shares, the, Series C-2 Preferred Shares, the Series C-1 Preferred Shares, Series B-1 Preferred Shares, Series B Preferred Shares and the Series A-1 Preferred Shares (the "**Reduced Price**") then in each such event, the Conversion Price of the Series E Preferred Shares, Series D-3 Preferred Shares, the Series C-1 Preferred Shares, Series C-2 Preferred Shares, Series B-1 Preferred Shares, Series B Preferred Shares and the Series A-1 Preferred Shares, as the case may be, unless otherwise determined by the majority holders of such class (as applicable), will 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 reduced Conversion Price; A is the number of Ordinary Shares, on a fully-diluted, as-converted basis (as if all granted Options and Convertible Shares had been fully exercised and/or fully converted into Ordinary Shares, as of such date), outstanding immediately prior to the relevant issuance of the New Shares; P' is the Conversion Price applicable to the Series E Preferred Shares, the Series D-3 Preferred Shares, the Series C-2 Preferred Shares, Series C-1 Preferred Shares, Series B-1 Preferred Shares, Series B Preferred Shares, and the Series A-1 Preferred Shares, as the case may be, in effect immediately prior to such issuance; C is the number of New Shares; and P'' is the Reduced Price.

(e) Other Distributions. In the event the Company declares 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 Sub-Article (d)(ii), then, in each such case, the holders of the Preferred Shares shall be entitled to receive such distribution, in respect of their holdings on an as-converted basis as of the record date for such distribution.

(f) Recapitalization. If at any time or from time to time there shall be a recapitalization of the Ordinary Shares (other than a subdivision, combination, or merger transaction provided for elsewhere in this Article or Article 10), 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 Ordinary Shares or other securities or property of the Company or otherwise, to which a holder of Ordinary Shares deliverable upon conversion of the Preferred Shares immediately prior to such recapitalization would have been entitled. In any such case, appropriate adjustments shall be made in the application of the provisions of this Article 9 with respect to the rights of the holders of the Preferred Shares after the recapitalization to the end that the provisions of this Article 9 (including adjustments of the Conversion Price then in effect and the number of shares issuable upon conversion of the Preferred Shares) shall be applicable after that event as nearly equivalent as may be practicable.

(g) No Impairment. The Company will not, by amendment of these Articles 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 in this Article 9 by the Company, (i) in respect of, touching or concerning, the Series D Preferred Shares and/or the holders thereof, without the consent of the Majority Investors, provided that if any of such action is in respect of, touching or concerning, only the Series D-3 Preferred Shares (but not or not substantially equally touching or concerning other Series D Preferred Shares and/or the holders thereof, *mutatis mutandis*), without also obtaining the consent of the holders of Series D-3 Preferred Shares holding the majority of the issued and outstanding Series D-3 Preferred Shares (provided that such majority consent of the holders of Series D-3 Preferred Shares shall not be unreasonably withheld and provided further that any exercise of any existing right of any Shareholder, under these Articles and under that certain Securities Purchase Agreement dated February 4, 2016 by and among the Company, the Lead Investor and other parties (including, without limitation, any existing right of any Shareholder under

Article 9 herein) (collectively, "**Additional Agreements**") shall not be deemed as an action that is touching and/or concerning and/or having an adverse effect on the Series D-3 Preferred Shares and/or the holders thereof, and in the event that the holders of Series D-3 Preferred Shares will not be equally affected by an event solely due to the fact that the holders of D-1 Preferred Shares and D-2 Preferred Shares have existing rights under these Articles and the Additional Agreements, then such event which caused the adverse effect will not require the specific additional consent of the D-3 Preferred holders pursuant to this clause (g)(i), (ii) in respect of adversely changing the rights attached to the Series E Preferred Shares, unless such change applies proportionally to all of the classes of shares of the Company, without the consent of the Majority E Holders, and (iii) in respect of, touching or concerning, any class of the Remaining Preferred and/or the rights granted to the holders thereof herein, without the consent of the Remaining Preferred Majority, but will at all times in good faith assist in the carrying out of all the provisions of this Article 9 and in 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.

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

(i) Certificate of Adjustments. Upon the occurrence of each adjustment or readjustment of a Conversion Price pursuant to this Article 9, 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 each adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based, which shall be provided together with an updated capitalization table of the Company prepared on an as-converted and fully-diluted basis. The Company shall furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment or readjustment, (B) the Conversion Price, as the case may be, 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 each type of Preferred Share.

(j) Notice 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 (including 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 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. 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 Preferred Shares, such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all issued and outstanding Preferred Shares, including for such purpose, all Warrant Shares which may be acquired pursuant to the exercise of Warrants; and if at any time the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all such Preferred Shares, in addition to such other remedies as shall be available to the holders 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 Share capital to such number of shares as shall be sufficient for such purposes.

(l) Options or Convertible Shares. "**Convertible Shares**" shall mean any evidences of indebtedness, shares or other securities convertible into or exchangeable for Ordinary Shares. "**Options**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Ordinary Shares or Convertible Shares. In the event the Company at any time or from time to time after the date of the filing of these Articles shall issue any Options or Convertible Shares (other than Exempt Securities) or shall fix a record date for the determination of holders of any class of shares entitled to receive any such Options or Convertible Shares, then the maximum number of Ordinary Shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Shares, the conversion or exchange of such Convertible Shares or, in the case of Options for Convertible Shares, the exercise of such Options and the conversion or exchange of the underlying securities, shall be deemed to have been issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, and (if applicable under these Articles) the Conversion Price shall be decreased accordingly, provided that in any such case in which shares are deemed to be issued:

(i) so long as the Conversion Price decrease was implemented as contemplated above in this Article 9, and subject to clause (ii) below, no further decrease of the Conversion Price of any Preferred Share shall be made upon the subsequent issue of Convertible Shares or Ordinary Shares in connection with the exercise of such Options or conversion or exchange of such Convertible Shares;

(ii) if such Options or Convertible Shares by their terms provide, with the passage of time or otherwise, for any change in the consideration payable to the Company or in the number of Ordinary Shares issuable upon the exercise, conversion or exchange thereof, the Conversion Price and any subsequent adjustments based thereon shall be recomputed to reflect such change as if such change had been in effect as of the original issue thereof (or upon the occurrence of the record date with respect thereto);

(iii) no readjustment pursuant to clause (ii) above shall have the effect of increasing the Conversion Price of a Preferred Share to an amount above the Conversion Price that would have resulted from any other issuances of New Shares and any other adjustments provided for herein between the original adjustment date and such readjustment date;

(iv) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Shares which shall not have been exercised, the Conversion Price of each Preferred Share computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto) and any subsequent adjustments based thereon shall, upon such expiration, be recomputed as if:

(A) in the case of Convertible Shares or Options for Ordinary Shares, the only New Shares issued were the Ordinary Shares, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Shares and the consideration received therefor was the consideration actually received by the

Company for the issue of such exercised Options plus the consideration actually received by the Company upon such exercise or for the issue of all such Convertible Shares which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(B) in the case of Options for Convertible Shares, only the Convertible Shares, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the New Shares deemed to have been then issued was the consideration actually received by the Company for the issue of such exercised Options, plus the consideration deemed to have been received by the Company (determined pursuant to this Article 9(l) upon the issue of the Convertible Shares with respect to which such Options were actually exercised); and

(v) if such record date shall have been fixed and such Options or Convertible Shares are not issued on the date fixed therefor, the adjustment previously made in the Conversion Price which became effective on such record date shall be canceled as of the close of business on such record date, and thereafter the Conversion Price shall be adjusted pursuant to this paragraph as of the actual date of their issuance.

10. **MERGER/CONSOLIDATION**

Without derogating from Article 11(d), and unless otherwise agreed by the Majority Investors and the Remaining Preferred Majority:

(a) Subject to Article 10(d), in case of any merger of the Company with or into another corporation (even if such merger is an M&A Event), as a result of which holders of Preferred Shares receive equity in a private corporation in consideration for the merger (in this Article, "merger"), the Company or such successor corporation, as the case may be, shall, without payment by the holders of Preferred Shares of any additional consideration therefor, issue to the holders of Preferred Shares new preferred shares of a class, in the case of each class of Preferred Shares, with the same rights, preferences, privileges and restrictions granted to and imposed on the Preferred Shares in these Articles (all such classes collectively, the "**New Preferred Shares**"), including any rights of the Lead Investor hereunder, but providing that the holder of the New Preferred Shares shall have the right to exercise the conversion rights granted by such New Preferred Shares and procure upon such exercise of such conversion rights, in lieu of each Ordinary Share therefor issuable upon exercise of the Conversion Rights of the Preferred Shares, the kind and amount of shares of stock, other securities, money and assets receivable upon such merger by a holder of one Ordinary Share issuable upon exercise of the Conversion Rights had they been exercised immediately prior to such reclassification, change, consolidation, merger, sale or transfer. The provisions of this Article 10(a) shall similarly apply to successive mergers.

(b) The Company shall give each holder of record of Preferred Shares written notice of such impending transaction under Article 10(a) not later than ten (10) days prior to the Shareholders' meeting called to approve such transaction, or ten (10) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Article 10, and the Company shall thereafter give such holders prompt notice of any material changes. The

transaction shall in no event take place sooner than fourteen (14) days after the Company has given the first notice provided for herein or sooner than ten (10) days after the Company has given notice of any material changes provided for herein; provided, however, that such periods may be shortened upon the written consent of the Majority Investors.

(c) For the avoidance of doubt, this Article 10 shall not apply to a merger in which the Series D Preferred Shareholders receive their entire Series D Preference in such transaction in liquid proceeds (cash and/or publicly-traded securities).

(d) The provisions of this Article 10 are in addition to the other provisions hereof, including but not limited to Articles 8 and 9.

Nothing in this Article 10 shall prevent Preferred Shareholders from exercising the rights to convert the Preferred Shares into Ordinary Shares prior to the conclusion of a transaction contemplated herein, in which case the provisions of Article 10 shall not apply to such converted Preferred Shares.

VOTING RIGHTS

11. (a) The holder of each share of the Company shall be entitled to notice of any Shareholders' meeting in accordance with these Articles.

(b) The holder of any outstanding Ordinary Share shall have the right to one vote for each Ordinary Share held, with respect to any question upon which holders of Shares have the right to vote, except to the extent that these Articles or applicable law provide that only holders of Preferred Shares (or one or more classes thereof) shall be entitled to vote on such question.

(c) The holder of any Preferred Share shall have the right to one vote for each Ordinary Share into which such Preferred Share could then be converted (with any fractional share determined on an aggregate conversion basis being rounded to the nearest whole share), and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Ordinary Shares, and shall be entitled to notice of any Shareholders' meeting in accordance with these Articles (including but not limited to a meeting of the holders of the Preferred Shares as a whole, or such class of Preferred Shares), and shall be entitled to vote, together with holders of Ordinary Shares, with respect to any question upon which holders of Ordinary Shares have the right to vote, and any question upon which holders of Preferred Shares as a whole, or such class of Preferred Shares, have the right to vote.

(d) The foregoing or anything else herein notwithstanding, including but in no way limited to Article 67A, (i) the holders of the Series D Preferred Shares shall be entitled to vote, together, as a separate class on, and the approval of the Majority Investors shall be required for, any alteration of, waiver regarding, or change to (in each case, in whole or in part) any right, preference or privilege of the Series D Preferred Shares (including, for the avoidance of doubt, (A) any amendment, repeal or modification of any rights attached to the Series D Preferred Shares or any provision of these Articles resulting in or amounting to such, (B) the creation of any securities which are more senior to, or are otherwise in priority to, the Series D Preferred Shares, it being clarified that, notwithstanding anything else to the contrary set forth herein, taking the action under this clause (B) shall require the consent of the holders of the Series D Preferred Shares holding at least 60% of the issued and

outstanding Series D Preferred Shares, on an as converted basis; provided however that the Series D Preferred Shares held by any shareholder (or its Permitted Transferee) investing in the financing that calls for the creation of such senior/priority securities beyond its or their pre-emptive rights pursuant to Article 14, shall not be counted towards achieving such majority, (C) the conversion of the entire class of Series D Preferred Shares to Ordinary Shares (except for an Automatic Conversion under Article 9(b)(ii) (*i.e.* a QPO)), and/or (D) any other decisions hereunder or pursuant to applicable law requiring the approval of, or class vote by, the Series D Preferred Shares) (each, a "**Preferred D Vote**"), and (ii) with respect to each Preferred D Vote, such vote shall be subject to the approval of the Majority Investors, and in the event that such approval shall not be obtained, the foregoing action shall not be taken), which decision shall be binding on all holders of Series D Preferred Shares; provided however that solely for the purposes of item (B) above, the term "Majority Investors" shall not require the approval of the Lead Investor. The foregoing or anything else herein notwithstanding, including but in no way limited to Article 67A, the holders of the Series E Preferred Shares shall be entitled to vote, together, as a separate class on, and the approval of the Majority E Holders shall be required for adversely changing the rights attached to the Series E Preferred Shares, unless such change applies proportionally to all of the classes of shares of the Company (in which case, the consent of the Majority E Holders will not be required). For the avoidance of doubt, it is hereby agreed that any class of Preferred Shares (including, without limitation, Series E Preferred Shares and Series D Preferred Shares) shall vote together with the Ordinary Shares of the Company, as a single class and not as a separate class over all matters and in all shareholders meetings, except as required by law and these Articles. For the purposes of voting rights hereunder, the Series D-1 Preferred Shares, the Series D-2 Preferred Shares and Series D-3 Preferred Shares shall be considered a single class, and shall vote together as a single class on all Preferred D Votes and/or any Class Meetings of the Series D Preferred Shares. Notwithstanding the above and other provisions, if a Preferred D Vote is only in respect of, touching or concerning, only the Series D-3 Preferred Shares (but not or not substantially equally touching or concerning other Series D Preferred Shares and/or the holders thereof, *mutatis mutandis*), the consent of the holders of Series D-3 Preferred Shares holding the majority of the issued and outstanding Series D-3 Preferred Shares shall also be required, provided that such majority consent shall not be unreasonably withheld, and provided further that any exercise of any existing right, of any Shareholder, under this Articles and/or the Additional Agreements (including, without limitation, any right of any Shareholder under Article 9 herein) shall not be deemed as an action that is touching and/or concerning and/or having an adverse effect on the Series D-3 Preferred Shares and/or the holders thereof, and in the event that the holders of Series D-3 Preferred Shares will not be equally affected by an event solely due to the fact that the holders of D-1 Preferred Shares and D-2 Preferred Shares have existing rights under these Articles and/or the Additional Agreements, then such event which caused the adverse effect will not require the additional specific consent of the D-3 Preferred holders pursuant to this sentence.

(e) Notwithstanding the provisions of Section 20(c) of the Companies Law to the contrary, (i) other than as specifically set forth in Article 11(d) and elsewhere herein, and without derogating from any rights of the holders of Series D Preferred Shares hereunder or of the holders of Series E Preferred Shares hereunder (to the extent required pursuant to Article 11(d) above)), a separate class vote of each class of the Preferred Shares shall not be required in order to amend or waive the rights, preferences, privileges or restrictions granted to and imposed upon any class of Preferred Shares or Ordinary Shares, respectively, it being

clarified that (subject to the terms of Article 11(d)(i)(B)) under no circumstances shall any class be granted more senior rights than those of the Series E Preferred Shares, without the approval of the Majority Investors and the Majority E Holders, and (ii) without derogating from the rights of the Lead Investor as specifically specified in these Articles and other than as specifically set forth in Article 11(d) and elsewhere herein, in no event shall any or some of the holders of any class of Preferred Shares and/or Ordinary Shares confer upon their holders the right to any separate Class Meeting (as defined below) or interest meeting or the right to any class or interest vote.

12. **AGGREGATION OF SHARES**

Subject to Articles 14(e) and 30(h), and subject to, and unless otherwise required by, applicable securities law:

(a) Shares held by two or more shareholders who are Permitted Transferees may be aggregated together, unless otherwise stated herein, for the purpose of determining the availability of any rights under these Articles for such shareholders, including rights which are conditioned on the relevant shareholder holding shares representing a minimum percentage.

(b) Shares held by Aurum Group and its Permitted Transferees shall be aggregated together, for the purpose of determining the availability of any rights under these Articles for such shareholders, including rights which are conditioned on the relevant shareholder holding shares representing a minimum percentage.

(c) Shares held by the Limited Partners and their Permitted Transferees shall be aggregated together, for the purpose of determining the availability of any rights under these Articles for such shareholders, including rights which are conditioned on the relevant shareholder holding shares representing a minimum percentage.

(d) Shares held by the Series A-1 Group and its Permitted Transferees shall be aggregated together, for the purpose of determining the availability of any rights under these Articles for such shareholders, including rights which are conditioned on the relevant shareholder holding shares representing a minimum percentage.

(e) Shares held by any Provident Fund and its Permitted Transferees shall be aggregated together, for the purpose of determining the availability of any rights under these Articles for such shareholders, including rights which are conditioned on the relevant shareholder holding shares representing a minimum percentage.

(f) Shares held by the Lead Investor and its Permitted Transferees shall be aggregated together, for the purpose of determining the availability of any rights under these Articles for such shareholders, including rights which are conditioned on the relevant shareholder holding shares representing a minimum percentage.

(g) Shares held by CY Company and Master Toy and their assignees or Permitted Transferees shall be aggregated together, for the purpose of determining the availability of any rights under these Articles for such shareholders, including rights which are conditioned on the relevant shareholder holding shares representing a minimum percentage.

ALLOTMENT OF SHARES

13. Subject to the provisions of Article 14, and without derogating from any right of the Preferred Shareholders, including without limitation pursuant to Articles 9 and 11(d), the unissued shares shall be under the control of the Board of Directors, which 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 33 hereof), and either at nominal value 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 any person the option to acquire from the Company any shares, either at nominal value or at premium, or, subject as aforesaid, at a discount, during such time and for such consideration as the Board of Directors may think fit.

PRE-EMPTIVE RIGHTS

14. (a) Prior to an IPO, each (x) holder of Preferred Shares holding, at such time, at least 3% of the issued and outstanding Company Shares, on an as-converted basis, (y) holder of Shares being a Provident Fund or its Permitted Transferee, or (z) any Eligible E Holder (in this Article 14, each an "**Offeree**") shall have a right of pre-emption to purchase its Pro Rata Share (as defined below) of all Equity Securities (as defined below) that the Company may, from time to time, propose to sell and issue after the adoption of these Articles. A "**Pro Rata Share**" shall be equal to the ratio of (A) the number of the Company's issued and outstanding Ordinary Shares (including all Ordinary Shares issued or issuable upon conversion of the Preferred Shares) held by an Offeree immediately prior to the issuance of such Equity Securities to (B) the total number of the Company's issued outstanding Ordinary Shares (including all Ordinary Shares issued or issuable upon conversion of the Preferred Shares) immediately prior to the issuance of such Equity Securities (including but not limited to any Warrant Shares actually issued by the Company upon exercise of the Warrants); it being understood that in no event will options or warrants held by any Offeree will be taken into consideration for purposes of calculating the Pro Rata Shares, only to the extent that such options or warrants are outstanding and have not been fully exercised. For the purposes hereof, the term "**Equity Securities**" shall mean (i) any Ordinary Shares, Preferred Shares or other security of the Company, (ii) any security convertible, with or without consideration, into any Ordinary Shares, Preferred Shares or other security (including any option to purchase such a convertible security), (iii) any security carrying any warrant or right to subscribe to or purchase any Ordinary Shares, Preferred Shares or other security or (iv) any such warrant or right; provided however that Equity Securities shall not include Exempt Securities.

(b) If the Company proposes to issue any Equity Securities, it shall give each Offeree written notice of its intention, describing the Equity Securities, the price and the terms and conditions upon which the Company proposes to issue the same. Each Offeree shall have fourteen (14) days from the giving of such notice to agree to purchase up to its pro rata share of the Equity Securities.

(c) If the Offerees fail to exercise in full their preemptive rights within the periods specified herein, then the Company shall have ninety (90) days thereafter to sell the Equity Securities in respect of which the Offerees' rights were not exercised, at a price and upon general terms and conditions no more favorable to the purchasers thereof than specified in the Company's notice to the Offerees pursuant to Article 14(b) hereof. If the Company has not

sold such Equity Securities within ninety (90) days of the notice provided pursuant to Article 14(b), the Company shall not thereafter issue or sell any Equity Securities, without first offering such securities to the Offerees in the manner provided in this Article.

(d) For purposes hereof, a "**Permitted Transferee**" of a Shareholder shall mean: (i) in the case of a limited partnership, its limited partners, general partners, and the limited and general partners of such limited and general partners, (ii) in the case of a corporation, its shareholders in accordance with their interest in the corporation, (iii) in the case of a limited liability company, its members and former members in accordance with their interest in the limited liability company, (iv) in the case of an individual, a first-degree family member or trust for the benefit of such individual and/or any other of his/her Permitted Transferee(s), and (v) with respect to entities that manage or co-manage, or are managed or whose account is managed by, directly or indirectly, such Shareholder and any of its limited partners, general partners and the limited and general partners of such limited and general partners and management company, (vi) with respect to a trustee of the Company's employee share option plan, or any other trustee: a beneficiary and vice versa; provided that the Company will obtain a statement signed by the trustee pursuant to which the shares were held in trust solely for the beneficiary, (vii) with respect to Xenia Venture Capital Ltd. - the State of Israel, (viii) with respect to the FAC Partnership - each Limited Partner and also a transfer from each Limited Partner to FAC Partnership, (ix) with respect to any member of the Aurum Group, any other member of the Aurum Group, (x) with respect to any member of the Series A-1 Group and their Permitted Transferees, any other member of such Series A-1 Group and its Permitted Transferees, (vi) with respect to Aurius Trade Limited, Rami Lerner and Zvi Pugach — any of them will be deemed as a Permitted Transferee of each other; and (xi) with respect to a Provident Fund, any other affiliated Provident Fund and/or any other Institutional Entity and/or any other transferee to whom such provident fund is permitted by applicable law or regulation to make such transfer.

(e) If the offer to Offerees under this Article 14 may, if carried out, constitute, under applicable laws, an offer to the public which is subject to prospectus requirements, then such offer shall be limited, so that it is made only in a manner according to which it will not, and only to a number of Offerees which ensures that it will not, be subject to such prospectus requirements; and in furtherance of such goal, offerings shall only be made to members of the following groups in the following order of priority: (i) the type of Offerees the offering to which, at such time, is exempted from such prospectus requirement; (ii) holders of Series D Preferred Shares pro rata among themselves; and (iii) other Offerees; with a higher priority being given, within each of the groups in clauses (ii) and (iii), to an Offeree holding a greater percentage of Company Shares than other Offerees in such group (aggregating, for such purpose, the holdings of Permitted Transferees; provided that such Permitted Transferees shall be considered as separate entities to the extent viewed as such by applicable law).

BRING-ALONG

15. (a) Prior to an IPO, subject to the Liquidation Preference rights of the Series E Preferred Shareholders and the Series D Preferred Shareholders and all other holders of Preferred Shares pursuant to Article 8(d) above, in the event of a proposed M&A Event or if any person or entity makes an offer to purchase all of the issued and outstanding share capital of the Company (the "**Offer**"), and the holders of more than 60% of the issued and outstanding shares of the Company, on an as-converted basis (the "**Accepting Holders**"), indicate their acceptance of such proposed M&A Event or offer, and such M&A Event or

offer, as applicable, has been approved by the Board of Directors and otherwise in accordance with the provisions of these Articles (collectively, the "**Required Consent**"), then, at the closing of such transaction, all of the holders of all shares in the Company shall transfer such shares to such person or entity; provided, however, that the consideration paid by the acquirer to the Company or its shareholders (in their capacity as such, without including any Retention Consideration) shall in any event be allocated among the shareholders in accordance with Article 8 above. Each shareholder shall execute and deliver such documents and take such actions (including in shareholder votes) as may be reasonably required by the Board of Directors or the Accepting Holders. Notwithstanding the foregoing, no Shareholder shall be required to (i) make representations and warranties as to any matters other than matters that relate solely to their ownership of shares and their ability to sell such shares, (ii) become subject to any indemnification obligation which is not based on his or its representations and warranties (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties and covenants of the Company) or (iii) become subject to any indemnification obligation which could result in liability in excess of the gross proceeds actually paid to such Shareholder in the transaction, other than in case of fraud, willful misconduct or willful misrepresentation by such Shareholder.

(b) In the event of an Offer under Article 15(a), then as soon as possible after receipt of the Offer but in any event not less than fifteen (15) days prior to the date set by the acquirer as the final date for accepting such Offer, the Company shall notify in writing each holder of Company securities of such Offer. Such notice shall set forth: (i) the name of the acquirer; and (ii) the proposed amount and form of consideration and terms and conditions of payment offered by the acquirer.

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

(d) In the event of an Offer under Article 15(a), Section 341 of the Companies Law shall apply, except as otherwise set forth above.

REGISTERED HOLDER

16. (a) If two or more persons are registered as joint holders of a share they shall be jointly and severally liable for any calls or any other liability with respect to such share. However with respect to voting, powers of attorney and furnishing notices, the one registered first in the Register, insofar as all the registered joint holders shall not notify the Company in writing to relate to another one of them as the sole owner of the share, as aforesaid, shall be deemed to be the sole owner of the share.

(b) If two or more persons are registered together as holders of a share, each one of them shall be permitted to give receipts binding all the joint holders for dividends or other monies in connection with the share and the Company shall be permitted to pay all the dividends or other monies due with respect to the share to one or more of the joint holders, as it shall choose.

SHARE CERTIFICATE

17. (a) A Shareholder shall be entitled to receive from the Company without payment, one certificate that shall contain that number of shares registered in the name of such Shareholder, their class and serial numbering. However, in the event of joint holders holding a share, the Company shall not be obligated to issue more than one certificate to all of the joint holders, and the delivery of such a certificate to one of the joint holders shall be deemed to be a delivery to all of the joint holders.

(b) Each certificate shall carry the signature or signatures of two Directors or of those persons appointed by the Board of Directors for this purpose and the rubber stamp or the seal or the printed name of the Company.

(c) If a share certificate is defaced, lost or destroyed, it may be replaced upon payment of such fee, if any, and on such terms, if any, as to evidence and indemnity as the Board of Directors may think fit.

PLEDGE

18. The Company shall have a lien and first pledge on all the shares, not fully paid, registered in the name of any Shareholder (whether registered in his name only or together with another or others) for any amount still outstanding with respect to that share, whether presently payable or not. Such a pledge shall exist whether the dates of payment or fulfillment or execution of the obligations, debts or commitments have become due or not, and shall apply to all dividends that shall be decided upon from time to time in connection with these shares. No benefit shall be created with respect to this share based upon the rules of equity which shall frustrate this pledge, however the Board of Directors may declare at any time with respect to any share, that it is released, wholly or in part, temporarily or permanently, from the provisions of this Article.

19. The Company may sell, in such manner and at such time as the Board of Directors thinks fit, any of the pledged shares, but no sale shall be made unless the date of payment of the monies or a part thereof has arrived, or the date of fulfillment and performance of the obligations and commitments in consideration of which the pledge exists has arrived, and after a written request has been furnished to the Shareholder or person who has acquired a right in the shares, which sets out the amount or obligation or commitment due from him and which demands their payment, fulfillment or execution, and which informs the person of the Board of Director's desire to sell the shares in the event of non-fulfillment of the notice, and the person has not fulfilled his obligation pursuant to the notice within seven days after the notice had been sent to him.

20. The net proceeds of such sale shall be applied in payment of such sum due to the Company or to the fulfillment of the obligation or commitment, and the remainder (if there shall be any) shall be paid to the Shareholder or to the person who has acquired a right in the share sold pursuant to the above.

21. After execution of a sale as aforesaid, the Board of Directors shall be permitted to sign or to appoint someone to sign a deed of transfer of the sold shares and to register the buyer's name in the Register as the owner of the sold shares and it shall not be the obligation of the buyer to supervise the application of monies nor will his right in the shares be affected

by a defect or illegality in the sale proceedings after his name has been registered in the Register with respect to those shares.

The sole remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

TRANSFER OF SHARES AND THE MANAGEMENT THEREOF

22. Any transfer of shares shall be subject to the approval of the Board of Directors, which approval shall not be unreasonably withheld, provided that the transferor and transferee have complied with all relevant provisions of these Articles. If the Board of Directors shall make use of its powers in accordance with this Article and refuses to register a transfer of shares, it must inform the transferee of its refusal and the reason for such refusal, within 15 days of the day the deed of transfer had been furnished to the Company.

23. Each transfer of shares shall be made in writing in the form appearing herein below, or in a similar form, or in any form as determined by the Board of Directors from time to time, such form to be delivered to the Office together with the transferred share certificates and any other proof the Board of Directors shall require, if they shall so require, in order to prove the title of the transferor.

Deed of Transfer of Shares

I, of in consideration of the sum of NIS (New Israeli Shekels) paid to me by , of (hereinafter called the "Transferee") do hereby transfer to the Transferee ( ) share (or shares) having nominal value of NIS , in PolyPid Ltd., to hold unto the Transferee, its executors, administrators, and assigns, subject to the several conditions on which I held the same at the time of the execution hereof; and I, the Transferee, do hereby agree to take the said share (or shares) subject to the conditions aforesaid. As witness we have hereunto set our hands the day of .

Transferee Transferor

24. The deed of share transfer shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered into the Register in respect thereof.

25. The Company shall be permitted to demand a fee for registration of a transfer, at a reasonable rate as to be determined by the Board of Directors from time to time.

26. The Register may be closed at such dates and for such other periods as determined by the Board of Directors from time to time, upon the condition that the Register shall not be closed for more than 15 days every year.

27. Upon the death of a Shareholder the remaining holders (in the event that the deceased was a joint holder in a share) or the administrators or executors or heirs of the deceased (in the event the deceased was the sole holder of the share or was the only one of the joint

holders of the share to remain alive) shall be recognized by the Company as the sole holder of any title to the shares of the deceased. However, nothing aforesaid shall release the estate of a joint holder of a share from any obligation with respect to the share that he held jointly with any other holder.

28. Any person becoming entitled to a share in consequence of the death or bankruptcy or liquidation of a Shareholder shall, upon such evidence being produced as may from time to time be required by the Board of Directors, have the right, either to be registered as a Shareholder in respect of the share upon the consent of the Board of Directors or, instead of being registered himself, to transfer such share to another person, subject to the provisions contained in these Articles with respect to transfers.

29. A person becoming entitled to a share because of the death of a Shareholder shall not be entitled to receive notices with respect to Company meetings or to participate or vote therein with respect to that share, or aside from the aforesaid, to use any right of a Shareholder, until he has been accepted as a Shareholder with respect to that share.

RIGHT OF FIRST REFUSAL

30. (a) Any holder of Ordinary Shares (other than such holder all of whose Ordinary Shares were issued upon the conversion of Preferred Shares) and/or any Key Shareholder (as defined below) proposing, prior to the IPO, to sell, assign, transfer, pledge, hypothecate, mortgage or dispose of, by gift or otherwise, or in any way encumber ("**Transfer**") all or any of the Ordinary Shares held by them, from time to time (other than a Transfer to a Permitted Transferee) (the "**Offeror**"), shall, by written notice, offer (the "**Offer**") such Ordinary Shares (the "**Offered Shares**"), on the terms of the proposed transfer, to each (x) holder of Preferred Shares holding, at such time, at least 3% of the issued and outstanding Company Shares, on an as-converted basis, (y) holder of Shares being a Provident Fund or its Permitted Transferee, or (z) any Eligible E Holder (in this Article 30 and Article 31 below, the "**Offerees**").

(b) The Offeror shall send the notice (the "**Notice**") to the Company, which shall in turn send it to the Offerees in the name of the Offeror. The Notice shall state the identity of the Offeror and of the proposed transferee(s), the number of Offered Shares, the price per share and other economic terms of sale of the Offered Shares. Any Offeree may accept such Offer in respect of all or any of the Offered Shares by giving the Company notice to that effect (the "**Accepting Shareholder**" and the "**Acceptance**", respectively) within fifteen (15) days after being served with Notice of the Offer.

(c) If the Acceptances provided during such fifteen (15) day period are, in the aggregate, in respect of at least all of the Offered Shares, then the Accepting Shareholders shall acquire the Offered Shares, on the terms set forth in the Notice, in proportion to their respective holdings in the Company (on a fully-diluted, as-converted basis) among themselves; provided that no Accepting Shareholder shall be entitled to acquire, under the provisions of this Sub-Article (c), more than the number of Offered Shares accepted by such Accepting Shareholder under its respective Acceptance, and upon the allocation to such Accepting Shareholder of the full number of shares so accepted by it in its Acceptance, such Accepting Shareholder shall be disregarded in any subsequent computations and allocations hereunder. Any shares remaining after the computation of such respective entitlements shall be re-allocated among the Accepting Shareholders (other than those to be disregarded as

aforesaid), in the same manner, until one hundred percent (100%) of the Offered Shares have been allocated as aforesaid.

(d) If no Acceptances are provided during such fifteen (15) day period, then the Offerees shall not be entitled to acquire any of the Offered Shares, and the Transfer shall become subject to the Co-Sale rights under Article 31, before the Offeror may complete the Transfer.

(e) If the Acceptances provided during such fifteen (15) day period are, in the aggregate, in respect of some but not all of the total number of Offered Shares, then the Company shall, immediately after the expiration of such period, send written notice (the "**Second Notice**") to the Accepting Shareholders. Each Accepting Shareholder shall have an additional option to purchase all or any part of the balance of any such remaining Offered Shares on the terms and conditions set forth in the Notice, by giving the Company notice to that effect (the "**Follow-on Acceptance**") within ten (10) days after being served with Second Notice.

(i) If all remaining Offered Shares are accepted in Follow-on Acceptances, such shares shall be allocated among those providing the Follow-on Acceptances, in proportion to their respective holdings in the Company (on a fully-diluted, as-converted basis) among themselves, and generally in accordance with the allocations mechanism provided under Article 30(c).

(ii) If fewer than the remaining Offered Shares are accepted in Follow-on Acceptances, then the Accepting Shareholders shall not acquire any of the Offered Shares, including those for which Acceptances were provided, and the Transfer of all of the Offered Shares shall become subject to the Co-Sale rights under Article 31 (to the extent such Article is applicable thereto), before the Offeror may complete the Transfer thereof.

(f) For the purposes of any Transfer under this Article 30, the respective holdings of any Accepting Shareholder shall mean the respective proportion of the aggregate number of Equity Securities held by such Accepting Shareholder, on a fully-diluted and as-converted basis, to the aggregate number of Ordinary Shares held by all the Accepting Shareholders, on a fully-diluted and as-converted basis.

(g) The Company shall not register any Transfer of its shares on its books, unless such Transfer fully complies with the provisions of this Article 30.

(h) If the offer to Offerees under this Article 30 may, if carried out, constitute, under applicable laws, an offer to the public which is subject to prospectus requirements, then such offer shall be limited, so that it is made only in a manner according to which it will not, and only to a number of Offerees

which ensures that it will not, be subject to such prospectus requirements; and in furtherance of such goal, offerings shall only be made to members of the following groups in the following order of priority: (i) the type of Offerees the offering to which, at such time, is exempted from such prospectus requirement; (ii) holders of Series D Preferred Shares pro rata among themselves; and (iii) other Offerees; with a higher priority being given, within each of the groups in clauses (ii) and (iii), to an Offeree holding a greater percentage of Company Shares than other Offerees in such group (aggregating, for such purpose, the holdings of Permitted Transferees; provided that such Permitted Transferees shall be considered as separate entities to the extent viewed as such by applicable law).

(i) This Article 30 (right of first refusal) shall not apply in the case of a bring along transaction under Article 15.

CO-SALE RIGHT

31. Prior to the consummation of an IPO, if (a) the Offered Shares are not acquired in their entirety by the Offerees pursuant to the right of first refusal set forth in Article 30 above, and (b) solely with respect to any Key Shareholder, if such Key Shareholder wishes to transfer or sell any Equity Securities, then each Offeree under Article 30 shall have the right to participate in the Offeror's Transfer of the Offered Shares (which were not acquired by the Offerees, as aforesaid) to the proposed transferee(s), as follows.

(a) Exercise of Right. If the Offered Shares intended to be Transferred by the Offeror under Article 30 (the "**Transferring Shareholder**") are not acquired in their entirety pursuant to the right of first refusal set forth in Article 30, the Company shall notify the Offerees (as defined in Article 30) in writing (the "**Co-Sale Notice**"), at the end of the relevant notice period(s) thereunder, that they shall have the right, exercisable by written notice to the Company within seven (7) days of receipt of the Co-Sale Notice, to require the Transferring Shareholder to provide, as part of its proposed Transfer of the Offered Shares which were not acquired pursuant to the right of first refusal set forth in Article 30 (the "**Residual Shares**"), that such Offerees be given the right to participate in the Transfer of the Residual Shares by selling Ordinary Shares (or shares convertible into Ordinary Shares), on the same terms and conditions as the Transferring Shareholder, on a pro-rata basis (the "**Offeree's Pro-Rata Share**"), as follows: each Offeree's Pro-Rata Share shall equal the product obtained by multiplying (1) the aggregate number of the Residual Shares, by (2) a fraction, (x) the numerator of which is the number of shares owned by such Offeree at the time of the Transfer and (y) the denominator of which is the total number of shares owned by the Transferring Shareholder and the Offerees at the time of the Transfer, in each case measured on a fully-diluted and as-converted basis. If any Offeree exercises its rights hereunder, the Transferring Shareholder shall cause the acquirer to purchase, as part of the Transfer, the Offeree's Pro-Rata Share of each participating Offeree (or any part thereof chosen by such Offeree to be sold, if it gave notice with respect to less than its Offeree's Pro-Rata Share), and the Transferring Shareholder shall not proceed with such Transfer unless such Offerees are given the right to participate in the Transfer in accordance herewith.

(b) Transfer to Transferee(s). Subject to compliance with Article 30 and this Article 31, the Transferring Shareholder shall be entitled, at the expiration of the aforementioned periods, to Transfer all, or the appropriate portion (together with the Offeree's Pro-Rata Share of each participating Offeree), as applicable, of the Offered Shares, to such proposed transferee(s); provided, however, that in no event shall the Offeror Transfer any of the Offered Shares on terms more favorable to the transferee(s) than those stated in the Notice; and provided further that any of the Offered Shares not Transferred within ninety (90) days after provision of the Notice, shall again be subject to the provisions of Article 30 and this Article 31.

(c) Permitted Transferees. For the removal of doubt, a Transfer by a Transferring Shareholder to its Permitted Transferee in accordance with the provisions of these Articles shall not trigger the application of Article 30 or this Article 31.

(d) This Article 31 (co-sale right) shall not apply in the case of a bring along transaction under Article 15.

NO SALE

32. Notwithstanding anything else to the contrary in these Articles, until the earliest of (i) January 1, 2020, (ii) the consummation of an IPO, (iii) the consummation of a Deemed Liquidation Event, and (iv) the termination of the engagement of the Key Shareholder with the Company (so long as it is not "for cause"), Dr. Noam Emanuel and Amir Weisberg (each, a "**Key Shareholder**") shall not Transfer all or any of the Ordinary Shares of the Company and any shares issued upon exercise of any options, or issuable upon exercise of any option, held by the Key Shareholder (a "**Restricted Transfer**"), unless the Majority Investors have given their prior written consent for any such Restricted Transfer. Any Restricted Transfer by the Key Shareholder shall be subject to this Article 32 as well as the other provisions regarding Transfers set forth in these Articles, including but not limited to Articles 30 and 31. The provisions of this Article 32 shall not apply to any transfer by any of the Key Shareholders to its Permitted Transferee, provided that, upon and as a condition to such transfer, the Permitted Transferee will be deemed to be a Key Shareholder, and further provided that such Permitted Transferee shall not be permitted to transfer any Shares to any party which is not a Permitted Transferee of the Key Shareholder, even if such party would otherwise be a Permitted Transferee of the first Permitted Transferee.

CALLS

33. A Shareholder shall not be entitled to receive dividends nor to use any right a Shareholder has, unless he has paid all the calls that shall be made from time to time, with respect to money unpaid on all of his shares, whether he is the sole holder or holds the shares together with another person, in addition to interest and expenses if there shall be any.

34. The Board of Directors may, subject to the provisions of these Articles, make calls upon the Shareholders from time to time in respect of any moneys unpaid on their shares, as they shall determine proper, upon the condition that there shall be given reasonable prior notice on every call and each Shareholder shall be obligated to pay the total amount requested from him, or the installment on account of the call (if there shall so be) at the times and places to be determined by the Board of Directors.

35. The calls for payment shall be deemed to have been requested from the date the Board of Directors shall have decided upon the calls for payment.

36. The joint holders of a share shall be jointly and severally liable to pay the calls for payment in full and the installment on account, in connection with such calls.

37. If a sum called in respect of a share is not paid the holders of the share or the person to whom it has been issued shall be liable to pay interest and linkage differentials ("**interest**") upon the amount of the call or the payments on account, as determined by the Board of Directors commencing from the day appointed for the payment thereof to the time of actual

payment, but the Board of Directors shall be at liberty to waive payment of that interest, wholly or in part.

38. Any amount that according to the condition of issuance of a share must be paid at the time of issuance or at a fixed date, whether on account of the sum of the share or premium, shall be deemed for the purposes of these Articles to be a call of payment that was made duly and the date of payment shall be the date appointed for payment. In the event of non-payment of this amount all of the Articles herein dealing with payment of interest, expenses, forfeiture, pledge and the like and all the other Articles connected therewith, shall apply, as if this sum had been duly requested and notice had been given, as aforesaid.

39. The Board may make different arrangements at the times of issuance of shares to different shareholders, with respect to the amount of calls to be paid, the times of payment, and the applicable rate of interest.

40. The Board of Directors may, if it thinks fit, receive from any Shareholder willing to pay in advance all of the monies or a part thereof that shall be due on account of his shares, in addition to any amounts for which the payment in fact has been requested and they shall be permitted to pay him interest at the rate the Board of Directors and the Shareholder shall agree upon, for the amounts paid in advance as aforesaid, or upon the part thereof which is in excess of the amounts whose payment was at the time requested on account of his shares in connection with which the payments have been made in advance, in addition to paying dividends that will be paid for that part of the share which has been paid in advance.

FORFEITURE OF SHARES

41. If a Shareholder fails to pay any call or installment of a call on the day appointed for payment thereof, the Board of Directors may, subject to the provisions of Section 181 of the Companies Law, at any time thereafter during such time as any part of such call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and any expenses that were incurred as a result of such non-payment.

42. The notice shall name a further day, not earlier than the expiration of seven days from the date of the notice, on or before which the amount of the call or installment or a part thereof is to be made together with interest and any expenses incurred as a result of such non-payment. The notice shall also state the place the payment is to be made and that in the event of non-payment, at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

43. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board of Directors to that effect. The forfeiture shall include those dividends that were declared but not yet distributed, with respect to the forfeited shares.

44. A share so forfeited shall be deemed to be the property of the Company and can be sold or otherwise disposed of, on such terms and in such manner as the Board of Directors thinks fit. At any time before a sale or disposition the forfeiture may be canceled on such terms as the Board of Directors thinks fit.

45. A person whose shares have been forfeited shall cease to be a Shareholder in respect of the forfeited shares, but shall notwithstanding remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full of the nominal amount of the shares.

46. The forfeiture of a share shall cause, at the time of forfeiture, the cancellation of all rights in the Company or any claim or demand against it with respect to that share and the other rights and obligations between the share owner and the Company accompanying the share, except for those rights and obligations not included in such a cancellation according to these Articles or that the Law imposes upon former Shareholders.

47. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

MODIFICATION OF CAPITAL

48. Subject to the rights of the Preferred Shareholders pursuant to these Articles, including but not limited to pursuant to Article 11(d), the Company may, from time to time, by a Shareholders resolution:

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

(b) cancel any shares which have not been taken or agreed to be taken by any person;

(c) by subdivision of its existing shares, or any of them, divide the whole, or any part, of its share capital into shares of smaller amounts subject, nevertheless, to the provisions of the Companies Law and in a manner that with respect to the shares created as a result of the division it will be possible within the resolution of division to grant to one or more shares a preferable right or advantage with respect to dividend, capital, voting or otherwise over the remaining share or other similar shares; and

(d) reduce its share capital and any fund reserved for capital redemption in the manner that it shall deem to be correct, with and subject to, any incident authorized, and consent required, by law.

INCREASE OF SHARE CAPITAL

49. The Company shall be permitted, subject to the rights of the Preferred Shareholders in these Articles (including but not limited to pursuant to the provisions of Article 11(d)), from time to time, by a resolution, to increase its share capital - whether or not all its shares have been issued, or whether the shares issued have been paid in full - by creation of new shares. This new capital shall be in such an amount, divided into shares in such amounts and have such preferable or deferred or other special rights (subject always to the special rights conferred upon an existing class of share), subject to any condition and restrictions with respect to dividends, return of capital, voting or otherwise, all as shall be directed by the general meeting in its resolution sanctioning the increase of the share capital.

50. Subject to any decision to the contrary in the resolution sanctioning the increase in share capital, pursuant to these Articles, the new share capital shall be deemed to be part of the original share capital of the Company and shall be subject to the same provisions with reference to payment of calls, liens, title, forfeiture, transfer and otherwise as apply to the original share capital.

GENERAL MEETINGS

51. A general meeting shall be held once in every year at such time, being not more than fifteen (15) months after the holding of the last preceding general meeting, and place as may be prescribed by the Board of Directors. The above mentioned general meetings shall be called "**Ordinary Meetings**". All other general meetings shall be called "**Extraordinary General Meetings**". Ordinary Meetings and Extraordinary General Meetings shall be referred to as "**General Meetings**".

52. Subject to the provisions of these Articles the general function of the Ordinary Meeting shall be to receive and to deliberate with respect to the profit and loss statements, the balance sheets, the ordinary reports and accounts of the Board of Directors and auditors; to declare dividends, and to appoint auditors and to fix their compensation; provided that any other matter which may be considered and voted upon by the General Meeting may be discussed and voted upon at any General Meeting. For avoidance of doubt, General Meetings may be held telephonically or by video conference, provided that all Shareholders have an opportunity to hear and be heard by all other Shareholders wishing to participate in such meeting.

53. The Board of Directors may, whenever it thinks fit - and upon a requisition in writing as provided for in Sections 63 and 64 of the Companies Law, will be required to - convene an Extraordinary General Meeting. Every such requisition shall include the objects for which a meeting should be convened, shall be signed by the requisitioners and shall be sent to the Office of the Company. If the Board of Directors does not convene a General Meeting within twenty-one (21) days from the date of the submission of the requisition as aforesaid, the requisitioners may, by themselves, convene a General Meeting. However, the meeting which was so convened shall not be held after three months have passed since the date of the submission of the requisition.

NOTICE OF GENERAL MEETINGS

54. Subject to provisions of these Articles with respect to resolutions, a prior notice of seven (7) days at least shall be given with respect to the place, date and hour of the meeting, and - in the event that a matter requiring a resolution shall be discussed - a general description of the nature of that matter. The notice shall be given, as herein below provided for, to the Shareholders entitled pursuant to these Articles to receive notices from the Company. With the consent of all the Shareholders who are entitled, at that time, to receive notices, it shall be permitted to convene all meetings and to resolve all types of resolutions, upon a shorter advance notice or without any notice and in such manner, generally, as such be approved by the Shareholders.

QUORUM

55. No deliberation shall be commenced with respect to any matter at the general meeting unless there shall be present a quorum at the time when the General Meeting

proceeds to deliberate. Without derogating from the rights of the Preferred Shareholders in these Articles (including but not limited to pursuant to Article 11(d)), in any meeting a quorum shall be formed when there are present personally or by proxy not less than two Shareholders who hold or represent together fifty-one percent (51%) of the voting rights of the issued share capital of the Company (treating all Preferred Shares on an as-converted basis).

56. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day during the next week at the same place and time, or any other day and/or any other hour and/or any other place as the Board of Directors shall notify the Shareholders, and, if at the second meeting a quorum is not present within half an hour from the time appointed for the meeting any two Shareholders present personally or by proxy shall be a quorum, and shall, without derogating from the rights of the Preferred Shareholders in these Articles (including but not limited to pursuant to Article 11(d)), be entitled to deliberate and to resolve in respect of the matters for which the meeting was convened.

CHAIRMAN

57. The chairman of the Board of Directors shall preside as chairman at all General Meetings. If there is no chairman or he is not present within fifteen (15) minutes from the time appointed for the meeting or if he shall refuse to preside at the meeting, the Shareholders present shall elect one of the Directors to act as chairman, and if only one Director is present, he shall act as chairman. If no Directors are present or if they all refuse to preside at the meeting the Shareholders present shall elect one of such Shareholders to preside at the meeting. The Chairman shall have no casting vote and/or additional special rights or privileges at any General Meeting.

POWER TO ADJOURN

58. The chairman may, with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, as the meeting shall decide. If the meeting shall be adjourned, a notice shall be given of the adjourned meeting as in the

case of an original meeting. At an adjourned meeting no matters shall be discussed except for those permissible to be discussed at that meeting which decided upon the adjournment.

ADOPTION OF RESOLUTIONS

59. At every General Meeting, a resolution put to the vote of the meeting shall be decided upon by a show of hands, or by any Shareholder present, in person or by proxy, and entitled to vote at the meeting. The declaration of the chairman that the resolution has been carried or carried unanimously or by a particular majority, or lost, or not carried by a particular majority, shall be final, and an entry to that effect in the minute book of the Company, shall be *prima facie* evidence of the fact without the necessity of proving the number or proportion of the votes recorded in favor or against such a resolution. Subject to any provision in these Articles to the contrary, and without derogating from the rights of the Preferred Shareholders in these Articles (including but not limited to pursuant to Article 11(d)), a resolution shall be deemed to be passed at a General Meeting if it received an ordinary majority of the votes participating in the meeting (i.e., the holders of the majority of the shares held by the shareholders which participated in the meeting, in person or by proxy).

60. Deleted.

VOTES OF SHAREHOLDERS

61. Subject to and without derogating from the right or preference rights or restrictions existing at that time with respect to a certain class of shares forming part of the capital of the Company, and for the avoidance of doubt without derogating from Article 11(c), each Shareholder present at a meeting, personally or by proxy, shall be entitled, whether at a vote by show of hands or by secret ballot, to one vote for each share held by him, provided that no Shareholder shall be permitted to vote at a General Meeting or appoint a proxy to vote therein except if he has paid all calls for payment and all monies due to the Company from him with respect to his shares.

62. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for the purpose of this Article seniority shall be determined by the order in which the names stand in the Register. Joint holders of a share of which one of them is present at a meeting shall not vote by proxy. The appointment of a proxy to vote on behalf of a share held by joint holders shall be executed by the signature of the senior of the joint holders.

PROXIES

63. (a) In every vote a Shareholder shall be entitled to vote either personally or by proxy. A proxy present at a meeting shall also be entitled to request a secret ballot. A proxy need not be a Shareholder of the Company.

(b) A Shareholder of the Company that is a corporation or partnership shall be entitled by decision of its board of directors or by a decision of a person or other body, according to its articles, to appoint a person who it shall deem fit to be its representative at every meeting of the Company. The representative, appointed as aforesaid, shall be entitled to perform all actions and exercise all powers, on behalf of the corporation he represents all the powers that the corporation itself perform or exercise, as if it was a person.

64. A vote pursuant to an instruction appointing a proxy shall be valid notwithstanding the death of the appointor or the appointor becoming of unsound mind or the cancellation of the proxy or its expiration in accordance with any law, or the transfer of the shares with respect to which the proxy was given, unless a notice in writing was given of the death, becoming of unsound mind, cancellation or transfer and was received at the Office before the meeting took place.

INSTRUMENT OF APPOINTMENT

65. A letter of appointment of a proxy or power of attorney or other certificate (if there shall be such) pursuant to which the appointee is acting, shall be in writing, and such instrument or a copy thereof confirmed as aforesaid, shall be deposited in the Office, or in another place in Israel or abroad - as the Board of Directors shall direct from time to time generally or with respect to a particular case, no later than upon the commencement of the meeting or adjourned meeting wherein the person referred to in the instrument is appointed to vote; otherwise, that person shall not be entitled to vote that share. If the appointment shall be for a limited period, the instrument shall be valid for the period contained therein.

66. An instrument appointing a proxy (whether for a specific meeting or otherwise) may be in the following form or in any other similar form which the circumstances shall permit:

"I, , of , a Shareholder holding shares in PolyPid Ltd. and entitled to votes hereby appoint , of , or in his place , of , to vote in my name and in my place at the general meeting (regular, extraordinary, adjourned - as the case may be) of the company to be held on the day of , 20 and at any adjournment thereof.

In witness whereof, I have hereby affixed my signature on this day of , 20 .

_____

Appointor's Signature

I hereby confirm that the foregoing instrument was signed by the appointor.

_____

(name, profession and address)

RESOLUTION IN WRITING

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

CLASS MEETINGS

67A. (a) The provisions of these Articles relating to General Meetings shall generally apply, *mutatis mutandis*, to every class meeting of (A) all of the Preferred Shares (voting together as one separate class) and, (B) the individual classes of Preferred Shares, solely to the extent that the consent of any individual class is required, and (C) the Remaining Preferred (voting together as one single, separate class) (each a "**Class Meeting**"); provided however that: (i) a quorum at any Class Meeting under clause (A) shall include the Majority Investors; (ii) a quorum at any Class Meeting of the Series D Preferred Shares, shall mean the Majority Investors; (iii) a quorum at any Class Meeting of the Remaining Preferred, shall mean the Remaining Preferred Majority; and (iv) at any adjourned Class Meeting under clauses (i) and (ii), the quorum shall be the Majority Investors and at any adjourned Class Meeting under clause (iii), the quorum shall be the Remaining Preferred Majority; and (v) the provisions of Article 11(d) shall apply to each Preferred D Vote.

For all matters touching or concerning any or all classes of the Remaining Preferred, the Remaining Preferred classes shall all be considered a single and separate class, and shall, to the maximum extent permitted under applicable law, vote together as a single class.

For all matters touching or concerning any or all classes of the Series D Preferred Shares, the Series D Preferred Share classes shall all be considered a single and separate class, and shall vote together as a single class.

(b) Subject to the rights of the holders of Series D Preferred Shares (the "**Series D Preferred Shareholders**") pursuant to these Articles, including but not limited to pursuant to Article 11(d) and rights of the Remaining Preferred Majority pursuant hereto, if at any time the share capital is divided into different classes and/or series of shares, the Company may change, convert, broaden, add or vary in any other manner the rights, advantages, restrictions or provisions related to one or more of the classes or series, if such action was approved by the General Meeting.

(c) The foregoing notwithstanding, but for the avoidance of doubt subject to the rights of the Series D Preferred Shareholders pursuant to these Articles, including but not limited to pursuant to Article 11(d), the authorization or issuance of additional securities, including, without limitation, securities which are comprised of a new class of shares having certain rights, preferences or privileges over or relative to any outstanding class of shares, shall not per se be deemed as affecting, changing or varying the rights of any outstanding class of shares and therefore shall not require any consent of the class pursuant to this Article 67A.

(d) Subject to the rights of the Series D Preferred Shareholders pursuant to these Articles, including but not limited to Article 11(d), the Company may, from time to time, by a resolution of the General Meeting, authorize and/or issue shares having the same rights as existing shares or with such preferred or deferred rights or rights of redemption or different prices or other special rights and/or restrictions, whether with respect to liquidation, dividends, voting, conversion, repayment of share capital or otherwise, as may be stipulated in such resolution.

(e) Subject to Article 67A(a) and to the rights of the Series D Preferred Shareholders pursuant to these Articles, including but not limited to Article 11(d), subject to the rights of the Lead Investor hereunder and subject to the rights of the Remaining Preferred Majority pursuant hereto, any resolution required to be adopted pursuant to these Articles by a separate General Meeting of a certain class of shares, shall be voted upon and adopted by simple majority of the holders of such class entitled to vote thereon, and no holder of a certain class shall be banned, unless the law otherwise expressly prescribes, from participating and voting in a separate General Meeting of such class by virtue of being a holder of more than one class of shares of the Company, irrespective of any conflicting interests that may exist between such different classes of shares. For illustration purposes, in the event that a certain Shareholder is the holder of a Preferred A Share and Ordinary Shares whilst another shareholder is the holder of Ordinary Shares only, the Shareholder holding two classes of shares shall not be banned from voting on a resolution which adversely affects the rights of the Ordinary Shares, irrespective of the affect such change shall have on the Series A Preferred Shares. Anything contained herein to the contrary notwithstanding, subject to any applicable law, a Shareholder shall not be required to refrain from participating in the discussion or voting on any resolution at a shareholders meeting concerning the modification or abrogation of the rights attached to any class of shares held by such Shareholder, due to the fact that such Shareholder may benefit in one way or another from the outcome of such resolution; e.g. a Shareholder shall be entitled to vote on the modification of rights attached to shares held by such Shareholder in a way that may benefit such holder either directly or

indirectly (such as in the case of an increased financial value gained by virtue of such change).

(f) To the maximum extent permitted under applicable law, and unless otherwise explicitly provided by these Articles (including but not limited to Article 11(d)) and/or under applicable law, all shareholders of the Company shall vote together as a single class, on an as-converted basis, on any matter presented to the shareholders and all matters shall require an approval by the holders of a majority of the voting power of the Company represented at the meeting of all shareholders of all classes voting together as a single class, on an as-converted basis, including, without limitation, any amendment to these Articles, any issuance of securities of the Company, or any transaction under Sections 341, 342 or 350 of the Israeli Companies Law.

(g) Without derogating from the foregoing and without derogating from, and subject to, Article 11(d) and Article 9 and any other rights of the Preferred D Shareholders or the Remaining Preferred Majority, unless otherwise provided by these Articles, it is hereby clarified that:

(i) The increase of the authorized and registered number of shares of an existing class of shares, and/or the issuance of additional shares thereof, and/or the creation of a new class of shares identical to an existing class of shares in all respects, except for the price per share paid for such shares, shall not be deemed, for purposes of these Articles, to directly adversely alter the rights attached to the previously issued shares of such class or of any other class;

(ii) The creation, authorization and/or the issuance of additional shares or other equity securities of the Company having certain rights, preferences or privileges over or relative to all other shares or equity securities of the Company, including, without limitation, shares that have rights at Liquidation, Deemed Liquidation or distribution of Dividends that are senior to the rights with respect to such events of all existing Preferred Shares, shall not be deemed to be modifying or abrogating the rights, powers and privileges attached to the previously issued shares of any existing class, provided that the rights, preferences or privileges attached to such additional shares or other equity securities apply in the same manner vis-a-vis all other existing series or classes of shares, without a different application to different classes, even though the result of such equal application may be different with respect to different shareholders due to the number of shares held by them and/or even though such an issuance will change the economic value of the existing shares (but not the legal rights of such shares, as illustrated by the example set forth in Article 67A(g)(iii) below), and shall not be subject to the approval of a separate class vote of the holders of the shares of any particular class; and

(iii) The authorization of a new series of shares or class of shares, or the issuance of such shares, shall not be deemed, for any purpose hereunder (subject, for the avoidance of any doubt, to Article 11(d)), to modify or abrogate the rights attached to an existing class of shares if the rights attached to the new class of shares apply in the same manner vis-a-vis all other existing series or classes of shares, without a different application to different classes, even though the result of such equal application may be different with respect to different Shareholders due to the number of shares held by them and/or even though such an issuance will change the economic value of the existing shares (but not the legal rights of such shares — for example, if (a) the holders of the Ordinary Shares are entitled to appoint one Director and the holders of Preferred A Shares are entitled to appoint one Director; (b) the Board consists of 2 members; and (c) the Company issues a new

class of shares (Preferred E Shares) which are entitled to appoint a Director, and to enable such an appointment, the Articles are amended to provide that the Board may consist of 3 members, then, in such an event, such an act will not be deemed to change, modify or abrogate the rights and powers attached to the Ordinary Shares or the Preferred Shares (as the holders thereof will continue to hold the power to appoint one Director), even if one may argue that the economic value of the Ordinary Shares or the Preferred Shares was decreased by such an act (the holders can then appoint one out of three members to the Board).

(h) Subject to and without derogating from the rights of the Preferred D Shareholders including but not limited to Article 11(d) and Article 9: if at any time, a restructure of the Company's issued or unissued share capital is effectuated (a "**Restructure**"), and as a result of such Restructure the rights attached to one or more classes of shares are modified or abrogated, then, such Restructure shall require the consent of the holders of the majority of the issued and outstanding shares of such affected class (or classes as the case may be), which shall be obtained at a separate General Meeting of such class (in addition to such other approvals requires under these Articles or applicable law). In the event that such Restructure can be consummated in more than one manner (such as by means of arrangement proceedings approved by a court of law, or alternatively by means of amendment of the Company's corporate documents), the sole and absolute discretion in determining the manner by which such Restructure shall be consummated shall vest in the Company's Board.

DIRECTORS

68. The Board of Directors of the Company shall consist of up to nine (9) Directors, which shall be appointed by shareholders holding 60% of the issued and outstanding share capital of the Company; it being understood that the initial directors of the Company shall be: Amir Weisberg, Noam Emanuel, Eitan Kyiet, Anat Segal, Prof. Yechezkel Bernholtz, Eli Frydman and Haim Hurvitz (as the chairman of the board).

69. The right to appoint a person to the Board of Directors shall include the right to remove and replace such Director. Appointments, removals and replacements shall be effected by furnishing written notification to the Company. Any notice regarding the appointment, removal or replacement of a Director shall be delivered to the Company in writing, and shall become effective on the date fixed in such notice, or upon the delivery thereof to the Company, whichever is later.

OBSERVERS

70. (A) Until QPO and as long as the Lead Investor (and its Permitted Transferees) holds at least 50% of the Series D-1 Preferred Shares issued to it at the Closing (not including, for the avoidance of doubt, any Warrant Shares), the Lead Investor shall have the right, but not the obligation, to appoint a non-voting observer to the Board, and (B) until QPO and as long as Rice Inc. (and its Permitted Transferees) holds at least 3.0% of the issued and outstanding share capital of the Company, it shall have the right, but not the obligation, to appoint a non-voting observer to the Board. Any such observer, and (unless otherwise determined by the Board) any other observer to the Board, shall be entitled to receive all notices, written documents and materials provided to the Directors and to be invited to and to attend all meetings of the Board and its committees in a non-voting capacity. If requested, any such observer shall execute a confidentiality agreement in a reasonable form approved by the Board for such purpose. For the avoidance of doubt, no observer shall be liable toward the

Company or any Shareholder with respect to any action or inaction of the Board. This Article 70, and each other Article hereunder in which a right is granted to or held by the Lead Investor, may not be amended or cancelled without the Lead Investor's approval.

ALTERNATE DIRECTOR

71. (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 specific 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. A Director and/or Alternate Director may act as an Alternate Director of another Director.

(b) Any notice given to the Company pursuant to Article 71(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, subject to the provisions of the instrument by which he was appointed, all the powers and authorities possessed by the Director for which he is serving as an Alternate Director, has.

(d) The office of an Alternate Director shall be automatically vacated if his appointment is terminated by the one who appointed him in accordance with these Articles, or upon the occurrence of one of the events described in Article 72 or, if the office of the member of the Board of Directors with respect to whom he serves as an Alternate Director shall be vacated for any reason whatsoever.

(e) The Alternate Director has the right to receive notice of the convening of a Board of Directors meeting and may participate in and vote at such meeting only if the Director appointing said Alternate Director is absent from said meeting.

72. Subject to the provisions of these Articles or to the provisions of an existing contract, the office of a Director shall be vacated, *ipso facto*, upon the occurrence of any of the following: (i) such Director's death, (ii) such Director is convicted of a crime as described in Section 232 of the Companies Law, (iii) such Director is removed by a court of law in accordance with Section 233 or the Companies Law, (iv) such Director becomes legally incompetent, (v) if such Director is an individual, such Director is declared bankrupt, (vi) if such Director is a corporate entity, upon its winding-up or liquidation, whether voluntary or involuntary, or (vii) if he was appointed by a Shareholder, upon receipt by the Company of a written notice from the Shareholder who appointed him, of the termination of his appointment. In addition, the office of a Director shall be vacated by his written resignation. Such resignation shall become effective on the date fixed therein or upon the delivery to the Company, whichever is later.

REMUNERATION OF DIRECTOR

73. Members of the Board of Directors, not being employees of the Company or professionals providing special professional services for consideration to its members - shall

not receive a salary from funds of the Company unless otherwise prescribed by the Board of Directors, and then only in the amount that the Board shall decide upon, all subject to the provisions of the Companies Law. The Directors and their substitutes, and any observers, shall be entitled to reimbursement for reasonable "out-of-pocket" expenses incurred by them in connection with their attendance at meetings of the Board of Directors and in accordance with a policy established or to be established by the Board of Directors.

POWERS AND DUTIES OF DIRECTORS

74. The business of the Company shall be managed by the Directors. The Directors shall be entitled to exercise all the powers and authorities that the Company has and to perform in its name all the acts that it is entitled to perform according to its Articles and/or the Companies Law except for those which are, pursuant to the Companies Law or the Articles, vested in the General Meeting of the Company, subject to any provisions in the Companies Law or in these Articles or the resolutions that the Company shall adopt in its General Meeting (insofar as they do not contradict the Companies Law or these Articles). However any resolution adopted by the Company in its General Meeting shall not affect the legality of any prior act of the Board of Directors that would be legal and valid, if not for such a resolution.

75. A Director shall not be required to hold qualifying shares.

76. [reserved]

77. Subject to the Companies Law, a Director may hold another paid position or function in the Company or in any other company that the Company is a shareholder of or in which it has some other interest, together with his position as a Director (except an auditor) upon those conditions with respect to salary and other matters as decided by the Board of Directors and approved by the General Meeting, to the extent such approval is required under the Companies Law.

FUNCTIONS OF THE DIRECTORS

78. (a) The Directors may meet in order to transact business, to adjourn their meetings or to organize them otherwise as they shall deem fit and to determine the legal quorum necessary to conduct business.

(b) A quorum for meetings of the Board shall be the majority of the Directors then in office present personally or represented by their alternate.

CHAIRMAN

79. Until IPO, the Directors may from time to time elect a chairman from the acting Directors (who shall initially by Haim Hurvitz), and decide the period of time he shall hold such an office, and he shall preside at the meetings of the Board of Directors. However, if such a chairman is not elected or if he is not present at any particular meeting, the Directors present may choose one of their number to serve as chairman of that meeting. The Chairman shall have no rights or privileges other than those granted to Directors generally. The above notwithstanding, the Chairman of the Board shall be appointed and removed only with the approval of the Lead Investor.

MEETINGS OF THE BOARD

80. Subject to any contrary resolution accepted by the Board of Directors, a member of the Board of Directors may at any time call a Board of Directors' meeting, and the Company shall be required on the request of such member to convene a Board of Directors' meeting. The Board of Directors will convene at such location as designated by the Board of Directors.

81. (a) Any notice of a Board of Directors' meeting can be given orally, by telephone, in writing, or by email or fax provided that the notice is given not less than two (2) business days before the time appointed for the meeting, unless all the members of the Board of Directors shall agree to a shorter notice.

(b) Prior and timely notice of the convening of a Board of Directors' meeting shall be given to all Directors and observers.

(c) Without derogating from the rights of the Preferred Shareholders in these Articles (including but not limited to pursuant to Article 11(d)), if applicable, all acts and determinations of the Board of Directors shall be determined by a simple majority of those attending.

(d) Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute attendance in person at the meeting.

DELEGATION OF POWER

82. (a) Notwithstanding anything in these Articles to the contrary, the Board of Directors may, subject to Section 112 of the Companies Law, delegate any of their executive powers to committee(s). The Board of Directors may appoint committees to discuss and generate recommendations regarding issues set forth by the Board of Directors, but such committee(s) shall not have executive powers whatsoever, except in the event such appointment is effected as aforesaid in this Sub-Article 82(a).

(b) In the exercise of any power delegated to it by the Board of Directors, all committees shall conform to any regulations that may be imposed upon them by the Board of Directors, if there shall be any such regulation. Subject to Sub-Article (a) above, if no such regulations are adopted by the Board of Directors or if there are no complete and encompassing regulations, the committees shall act pursuant to these Articles dealing with organization of meetings, meetings and functions of the Board of Directors, *mutatis mutandis*, and insofar as no provision of the Board of Directors shall replace it pursuant to this Article.

83. All actions performed in a bona fide fashion by the Board of Directors or by a committee of the Board of Directors, or by any person acting as a Director or as a substitute shall be as valid, even if at a later date a flaw shall be discovered in the appointment of such a Director or such a person acting as aforesaid, or that all or some of them were unfit, as if each and every one of those persons shall have been duly appointed and fit to serve as a Director or substitute as the case may be.

PRESIDENT AND/OR CHIEF EXECUTIVE OFFICER ("CEO")

84. (a) The Board of Directors may from time to time appoint one or more persons, whether or not he is a member of the Board of Directors, as the President and/or CEO of the Company, either for a fixed period of time or without limiting the time that he or they will stay in office, and they may from time to time (subject to any provision in any contract between him or them and the Company) release him or them from such office and appoint another or others in his or their place.

(b) Without derogating from the rights of the Preferred Shareholders hereunder, including but not limited to under Article 11(d), the Board of Directors may from time to time grant and bestow upon the President and/or CEO, at that time, those powers and authorities that it exercises pursuant to these Articles, as it shall deem fit, and may grant those powers and authorities for such period, and to be exercised for such objectives and purposes and in such time and conditions, and on such restrictions, as it shall decide; and it may grant such authorities whether concurrently with the Board of Directors' authorities in that area, or in excess of them, or in place thereof or any one of them, and it can from time to time revoke, repeal, or change any one or all of those authorities.

(c) Notwithstanding the aforesaid in Article 73, the wages of the President and/or CEO shall be determined from time to time by the Board of Directors (subject to the Companies Law and any provision in any contract between him and the Company).

MINUTES

85. (a) The Directors shall cause minutes to be taken of all General Meetings of the Company, of the appointments of officials of the Company, of Board of Directors' meetings and of committee meetings that shall include the following items, if applicable:

(i) the names of the members present;

(ii) the matters discussed at the meeting;

(iii) the results of the vote;

(iv) resolutions adopted at the meeting; and

(v) directives given by the meeting to the committees.

(b) The minutes of any meeting, signed or appearing to be signed by the chairman of the meeting or by the chairman of the meeting held immediately after that meeting, shall serve as a *prima facie* proof as to the facts in the minutes.

RESOLUTION IN WRITING

86. A resolution in writing signed by all the members of the Board of Directors, or of a committee, or such a resolution that all the members of the Board of Directors or a committee have agreed to in writing and/or fax and/or email shall be valid for every purpose as a resolution adopted at a Board of Directors' or committee meeting, as the case may be, that was duly convened and held. In place of a Director the aforesaid resolution may be signed and delivered by his alternate or his attorney or his alternate's attorney.

SEAL, STAMP AND SIGNATURES

87. (a) The Board of Directors shall cause the seal (if the Company shall have a seal) to be kept in safekeeping and it shall be forbidden to use the seal unless prior permission of the Board of Directors is given. If such permission was given, the seal shall be affixed in the presence of whoever has been so appointed by the Board of Directors, and he shall sign any document upon which the seal has been affixed.

(b) The Company shall have at least one rubber stamp. The Directors shall ensure that such a stamp is kept in a safe place.

(c) The Board of Directors may designate and authorize any person or persons (even if they are not members of the Board of Directors) to act and to sign in the name of the Company, and the acts and signatures of such a person or persons shall bind the Company, insofar as such person or persons have acted and signed within the limits of their aforesaid authority.

(d) The printing of the name of the Company by a typewriter or computer-printer or by hand next to the signatures of the authorized signatories of the Company, pursuant to sub-article (c) above, shall be valid as if the rubber stamp of the Company was affixed.

BRANCH REGISTERS

88. The Company may, subject to the provisions of Sections 138 and 139 inclusive of the Companies Law keep in every other country where those provisions shall apply, a register or registers of Shareholders living in that other country as aforesaid, and to exercise any other powers referred to in the laws with respect to such branch registers.

THE SECRETARY, OFFICERS AND ATTORNEYS

89. (a) The Board of Directors may appoint a secretary of the Company upon the conditions that it finds fit. The Board of Directors may as well, from time to time, appoint an associate secretary who shall be deemed to be the secretary for the period of his appointment.

(b) The Board of Directors may, from time to time appoint to the Company, officers, workers, agents and functionaries to permanent, temporary or special positions, as they shall, from time to time, see fit and set compensation for them.

(c) The Board of Directors may, at any time and from time to time, authorize any company, firm, person or group of people, whether this authorization is done by the Board of Directors directly or indirectly, to be the attorneys in fact of the Company for those purposes and with those powers and discretions which shall not exceed those conferred upon the Board of Directors or that the Board of Directors can exercise pursuant to these Articles - and for such a period of time and upon such conditions as the Board of Directors deems proper, and every such authorization may contain such directives as the Board of Directors deems proper for the protection and benefit of the persons dealing with such attorneys.

DIVIDEND

90. (a) The following Articles 90-101 are subject to the provisions of these Articles, including but not limited to Articles 7 and 8, and subject to any rights or conditions of Preferred Shares and other rights and conditions attached at that time to any share in the capital of the Company granting preferential, special or deferred rights or not granting any rights with respect to dividends.

(b) The profits of the Company shall be distributable to the Shareholders of the Company according to the proportion of the nominal value paid up on account of the shares held by them at the date so appointed by the Company, calculated on an as-converted basis. Actual distribution, setting aside or declaration of dividend requires a decision of the Board of Directors.

(c) The Board of Directors may issue any share upon the condition that a dividend shall be paid at a certain date or that a portion of the declared dividend for a certain period shall be paid, or that the period for which a dividend shall be paid shall commence at a certain date, or a similar condition, all as decided by the Board of Directors. In every such case - subject to the provision mentioned in the beginning of this Article - the dividend shall be paid in respect of such a share in accordance with such condition.

91. At the time of declaration of a dividend the Company may decide that such dividend shall be paid in part or in whole, by way of distribution of certain properties, by way of distribution of fully paid up shares or debentures or debenture stock of the Company, or by way of distribution of fully paid up shares or debentures or debenture stock of any other company or in one or more of the aforesaid ways. Without derogating from Articles 7 and 8, for purposes of any such distribution, the outstanding Preferred Shares shall be deemed to have been converted into Ordinary Shares as of the time appointed by the Company in order to determine entitlement to participate in such distribution.

92. The Board of Directors may, from time to time, pay to the Shareholders on account of the forthcoming dividend such interim dividend as shall be deemed just with regard to the situation of the Company.

93. The Board of Directors may put a lien on any dividend on which the Company has a charge, and it may use it to pay any debts, obligations or commitments with respect to which the charge exists.

94. The person registered in the Register as a Shareholder on the date appointed by the Company for that purpose shall be the one entitled to receive a dividend. A transfer of shares shall not transfer the right to a dividend which has been declared after the transfer but before the registration of the transfer.

95. The Company may declare a dividend to be paid to the Shareholders, at a General Meeting, according to their rights and benefits in the profits and to decide the time of payment. A dividend in excess of that proposed by the Board of Directors shall not be declared. However, the Company may declare at a

General Meeting a smaller dividend.

96. A notice of the declaration of a dividend, whether an interim dividend or otherwise, shall be given to the Shareholders registered in the Register, in the manner provided for in these Articles.

97. If payment cannot be made by wire transfer, the dividend may be paid by check or payment order to be mailed to the registered address of a Shareholder or person entitled thereto in the Register or, in the case of registered joint owners, to the addresses of one of the joint owners as registered in the Register. Every such check shall be made out to the person it is sent to. The receipt of the person who, on the date of declaration of dividend, is registered as the holder of any share or, in the case of joint holders, of one of the joint holders, shall serve as a release with respect to payments made in connection with that share.

98. [reserved]

99. [reserved]

100. All premiums received from the issue of shares shall be capital funds and they shall be treated for every purpose as capital and not as profits distributable as dividends. The Board of Directors may organize a reserve capital liability account and transfer, from time to time, all such premiums to the reserve capital liability account or use such premiums and monies to cover depreciation or doubtful loss. The Board of Directors may use any monies credited to the capital reserve liability account in any manner that these Articles or the law permits.

101. [reserved]

ACCOUNTS AND AUDIT

102. The Board of Directors shall cause the Company to maintain proper and complete books and records of account of the Company in accordance with Israeli law. The account books shall be kept in the Office or at such other place as the Board of Directors deem fit and they shall also be open for inspection by the Directors and observers.

103. The Board of Directors shall determine from time to time, in any specific case or type of case, or generally, whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company, or any of them, shall be open for inspection by the Shareholders, and no Shareholder, not being a Director or observer, shall have any right of inspecting any account book or document of the Company, except as conferred by law or authorized by the Board of Directors or by the Company in a General Meeting, or in a contract with the Shareholder.

104. Not less than once a year, the Board of Directors shall submit before the Company at a General Meeting financial statements for the period beginning from the previous account, in accordance with the relevant provisions of the Companies Law. To such financial statements shall be attached a report of the auditor and it shall be accompanied by a report from the Board of Directors with respect to the situation of the Company's business and the amount (if any) which it proposes as a dividend and the amount (if any) that it proposes be set aside for the fund accounts.

105. Auditors shall be appointed and their function shall be set out in accordance with the Companies Law. The Board shall fix the compensation of the auditor of the Company for its auditing activities, and shall also fix the compensation of the auditor for additional services, if any, which are not auditing activities, and, in each case, shall report thereon to the General Meeting.

NOTICES

106. A notice or any other document may be served by the Company upon any Shareholder either personally or by sending it by fax or email with confirmed receipt addressed to such Shareholder at his address, wherever situated, as appearing in the Register.

107. All notices directed to be given to the Shareholders shall, with respect to any shares to which persons are jointly entitled, be given to one of the joint holders, and any notice so given shall be sufficient notice to the holders of such share.

108. Prior and timely notice of the convening of a Shareholders meeting shall be given to each Shareholder, wherever situated, at the last address provided by the Shareholder. Any Shareholder registered in the Register who shall, from time to time, furnish the Company with an address at which notices may be served, shall be entitled to receive all notices he is entitled to receive according to these Articles at that address.

109. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a Shareholder by sending it through the post in a prepaid letter or postcard or telegram, telex or telefax addressed to them by name, at the address, if any, in Israel furnished for the purpose by the persons claiming to be so entitled or, until such an address has been so furnished, by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

110. Notwithstanding any inference to the contrary in any other provision of these Articles, all notices required or permitted hereunder shall be in writing and shall be deemed effectively given (i) upon personal delivery to the party to be notified; (ii) when sent by confirmed facsimile or email, on the next business day; (iii) seven (7) days after having been sent by registered or certified airmail, return receipt requested, postage prepaid; or (iv) three (3) days after deposit with an internationally recognized overnight courier, specifying next day delivery, with written verification of receipt. Any list of Shareholder or Director contact details which is kept in the ordinary manner in the Company's possession shall be *prima facie* proof of the delivery.

111. In any case where it is necessary to give prior notice of a certain number of days or a notice valid for a certain period, the date of delivery shall be taken into account in the number of days or period.

INDEMNITY

112. Subject to the provisions of the Companies Law, including the receipt of all approvals as required therein or under any applicable law, the Board of Directors may resolve in advance to exempt an "**Officer**" (as such term is defined in the Companies Law) from all or part of such Officer's responsibility or liability for damages caused to the Company due to any breach of such Officer's duty of care towards the Company.

113. (a) 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 or to enter into an agreement to indemnify in the future any Officer to the fullest extent permitted by the Companies Law.

(b) Subject to the provisions of the Companies Law including the receipt of all approvals as required therein or under any applicable law, the Board of Directors may resolve retroactively to indemnify an Officer with respect to the following liabilities and expenses, provided that such liabilities or expenses were incurred by such Officer in such Officer's capacity as an Officer of the Company:

(1) a monetary liability imposed on him/her in favor of a third party in any judgment, including any settlement confirmed as judgment and an arbitrator's award which has been confirmed by the court, in respect of an act performed by the Officer by virtue of the Officer being an Officer of the Company;

(2) reasonable litigation expenses, including legal fees, paid for by the Officer, in an investigation or proceeding conducted against such Officer by an agency authorized to conduct such investigation or proceeding, and which investigation or proceeding: (i) concluded without the filing of an indictment against such Officer and without there having been a financial obligation imposed against such Officer in lieu of a criminal proceeding, or (ii) concluded without the filing of an indictment against such Officer but with there having been a financial obligation imposed against such Officer in lieu of a criminal proceeding for an offense that does not require proof of criminal intent; all in respect of an act performed by the Officer by virtue of the Officer being an Officer of the Company; or

(3) reasonable litigation expenses, including legal fees, paid for by the Officer, or which the Officer is obligated to pay under a court order, in a proceeding brought against the Officer by the Company, or on its behalf, or by a third party, or in a criminal proceeding in which the Officer is found innocent, or in a criminal proceeding in which the Officer was convicted of an offense that does not require proof of criminal intent, all in respect of an act performed by the Officer by virtue of the Officer being an Officer of the Company.

(c) Subject to the provisions of the Companies Law including the receipt of all approvals as required therein or under any applicable law, the Board of Directors may resolve in advance to indemnify the Company's Officer for those liabilities and expenses described in (i) Sub-Article 113(b)(1), provided that such indemnification obligation shall be limited to those events which in the Board's opinion can be foreseen at the time the undertaking to indemnify is provided and to such expenses and measurements which the Board has determined are reasonable under the circumstances, and provided further that in the undertaking to indemnify such events, expenses and measurements shall be indicated; and (ii) Sub-Articles 113(b)(2) and 113(b)(3).

114. (a) 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 enter into an agreement to insure an Officer for any liability that may be imposed on such Officer in connection with an act performed by such Officer in such Officer's capacity as an Officer of the Company, with respect to each of the following:

(i) violation of the duty of care of the Officer towards the Company or towards another person;

(ii) breach of the fiduciary duty towards the Company, provided that the Officer acted in good faith and with reasonable grounds to assume that the action in question was in the best interests of the Company; and

(iii) a financial obligation imposed on the Officer for the benefit of another person.

(b) Articles 112, 113 and 114(a) shall not apply under any of the following circumstances:

(i) a breach of an Officer's fiduciary duty, in which the Officer did not act in good faith and with reasonable grounds to assume that the action in question was in the best interest of the Company;

(ii) a grossly negligent or intentional violation of an Officer's duty of care;

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

(iv) a fine or ransom levied on an Officer.

(c) The Company may procure insurance for or indemnify any person who is not an Officer, including without limitation, any employee, agent, consultant, contractor, or observer, provided, however, that any such insurance or indemnification is in accordance with the provisions of these Articles and the Companies Law.

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THE COMPANIES LAW, 1999
A LIMITED LIABILITY COMPANY

ARTICLES OF ASSOCIATION
OF
POLYPID LTD.

PRELIMINARY

1. **DEFINITIONS; INTERPRETATION**.

(a) In these Articles, the following terms (whether or not capitalized) shall bear the meanings set forth opposite to them respectively, unless inconsistent with the subject or context.

"Articles"	shall mean these Articles of Association, as amended from time to time.
"Board of Directors"	shall mean the Board of Directors of the Company.
"Chairperson"	shall mean the Chairperson of the Board of Directors, or the Chairperson of the General Meeting, as the context provides.
"Company"	shall mean **POLYPID LTD**.
"Companies Law"	shall mean the Israeli Companies Law, 5759-1999 and the regulations promulgated thereunder. The Companies Law shall include reference to the Companies Ordinance (New Version), 5743-1983, of the State of Israel, to the extent in effect according to the provisions thereof.
"Director(s)"	shall mean the member(s) of the Board of Directors holding office at any given time, including alternate directors.
"External Director(s)"	shall mean as defined in the Companies Law.
"General Meeting"	shall mean an Annual General Meeting or Special General Meeting of the Shareholders, as the case may be.
"NIS"	shall mean New Israeli Shekels.
"Office"	shall mean the registered office of the Company at any given time.
"Office Holder" or "Officer"	shall mean as defined in the Companies Law.
"RTP Law"	shall mean the Israeli Restrictive Trade Practices Law, 5758-1988.
"Securities Law"	shall mean the Israeli Securities Law, 5728-1968.
"Shareholder(s)"	shall mean the shareholder(s) of the Company, at any given time.
"in writing" or "writing"	shall mean written, printed, photocopied, photographic,

typed, sent via email, facsimile or produced by any visible substitute for writing, or partly one and partly another, and signed shall be construed accordingly.

(b) Unless otherwise defined in these Articles or required by the context, terms used herein shall have the meaning provided therefor under the Companies Law.

(c) Unless the context shall otherwise require: words in the singular shall also include the plural, and vice versa; any pronoun shall include the corresponding masculine, feminine and neuter forms; the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation"; the words "herein", "hereof" and "hereunder" and words of similar import refer to these Articles in its entirety and not to any part hereof; all references herein to Articles, Sections or clauses shall be deemed references to Articles, Sections or clauses of these Articles; any references to any agreement or other instrument or law, statute or regulation are to it as amended, supplemented or restated, from time to time (and, in the case of any law, to any successor provisions or re-enactment or modification thereof being in force at the time); any reference to "law" shall include any supranational, national, federal, state, local, or foreign statute or law and all rules and regulations promulgated thereunder (including, any rules, regulations or forms prescribed by any governmental authority or securities exchange commission or authority, if and to the extent applicable); any reference to a "day" or a number of "days" (without any explicit reference otherwise, such as to business days) shall be interpreted as a reference to a calendar day or number of calendar days; reference to month or year means according to the Gregorian calendar; any reference to a "company", "corporate body" or "entity" shall include a, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof, and reference to a "person" shall mean any of the foregoing or an individual.

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

LIMITED LIABILITY

2. The Company is a limited liability company and therefore each Shareholder's obligations to the Company shall be limited to the payment of the nominal value of the shares held by such Shareholder, subject to the provisions of the Companies Law.

PUBLIC COMPANY; COMPANY'S OBJECTIVES

3. **PUBLIC COMPANY; OBJECTIVES**.

(a) The Company is a Public Company as such term is defined in and as long as it so qualifies under the Companies Law.

(b) The Company's objectives are to carry on any business, and do any act, which is not prohibited by law.

4. **DONATIONS**.

The Company may donate a reasonable amount of money (in cash or in kind, including the Company's securities) for any purpose that the Board of Directors finds appropriate.

SHARE CAPITAL

5. **AUTHORIZED SHARE CAPITAL**.

(a) The share capital of the Company shall consist of NIS 35,000,000 divided into 350,000,000 Ordinary Shares, of a nominal value of NIS 0.10 each (the "**Ordinary Shares**").

(b) The Ordinary Shares shall rank *pari passu* in all respects.

6. **INCREASE OF AUTHORIZED SHARE CAPITAL**.

(a) The Company may, from time to time, by a Shareholders' resolution, whether or not all the shares then authorized have been issued, increase its authorized 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, any new shares included in the authorized share capital increased as aforesaid shall be subject to all the provisions of these Articles which are applicable to shares of such class included in the existing share capital without regard to class (and, if such new shares are of the same class as a class of shares included in the existing share capital, to all of the provisions which are applicable to shares of such class included in the existing share capital).

7. **SPECIAL OR CLASS RIGHTS; MODIFICATION OF RIGHTS**.

(a) If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class, unless otherwise provided by the Companies Law or these Articles, may be modified or cancelled by the Company by a resolution of the General Meeting of the holders of all shares as one class, without any required separate resolution of any class of shares.

(b) 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, it being clarified that the requisite quorum at any such separate General Meeting shall be two or more Shareholders present in person or by proxy and holding not less than one-third (1/3) of the issued shares of such class.

(c) Unless otherwise provided by these Articles, an increase in the authorized share capital, the creation of a new class of shares, an increase in the authorized share capital of a class of shares, or the issuance of additional shares thereof out of the authorized and unissued share capital, shall not be deemed, for purposes of this Article 7, to modify or derogate or cancel the rights attached to previously issued shares of such class or of any other class.

8. **CONSOLIDATION, DIVISION, CANCELLATION AND REDUCTION OF SHARE CAPITAL**.

(a) The Company may, from time to time, by or pursuant to an authorization of a Shareholders' resolution, and subject to applicable law:

(i) consolidate all or any part of its issued or unissued authorized share capital into shares of a per share nominal value which is larger, equal to or smaller than the per share nominal value of its existing shares;

(ii) divide or sub-divide its shares (issued or unissued) or any of them, into shares of smaller or the same nominal value (subject, however, to the provisions of the Companies Law), and the resolution whereby any share is divided may determine that, as among the holders of the shares resulting from such subdivision, one or more of the shares may, in contrast to 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 may 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 reduce the amount of its share capital by the amount of the shares so canceled; or

(iv) reduce its share capital in any manner.

(b) With respect to any consolidation of issued shares 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, and, in connection with any such consolidation or other action which could result in fractional shares, may, without limiting its aforesaid power:

(i) determine, as to the holder of shares so consolidated, which issued shares shall be consolidated into shares of a larger, equal or smaller nominal value per share;

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

(iii) redeem such shares or fractional shares sufficient to preclude or remove fractional share holdings;

(iv) round up, round down or round to the nearest whole number, any fractional shares resulting from the consolidation or from any other action which may result in fractional shares; or

(v) 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 of such fractional shares to pay the transferors thereof the fair value thereof, and the Board of Directors is hereby authorized to act in connection with such transfer, as agent for the transferors and transferees of any such fractional shares, with full power of substitution, for the purposes of implementing the provisions of this sub-Article 8(b)(v).

9. **ISSUANCE OF SHARE CERTIFICATES, REPLACEMENT OF LOST CERTIFICATES**.

(a) To the extent that the Board of Directors determines that all shares shall be certificated or, if the Board of Directors does not so determine, to the extent that any Shareholder requests a share certificate, share certificates shall be issued under the corporate seal of the Company or its written, typed or stamped name and may bear the signature of one Director, the Company's CEO or of any other person or persons authorized therefor by the Board of Directors. Signatures may be affixed in any mechanical or electronic form, as the Board of Directors may prescribe. For the avoidance of doubt, any transfer agent designated by the Company may issue share certificates on behalf of the Company even if the signatories on the share certificate no longer serve in the relevant capacities at the time of such issuance.

(b) Subject to the Article 9(a), each Shareholder shall be entitled to one numbered certificate for all the shares of any class registered in his name. Each certificate may also specify the amount paid up thereon. The Company (as determined by an officer of the Company to be designated by the Chief Executive Officer) shall not refuse a request by a Shareholder to obtain several certificates in place of one certificate, unless such request is, in the opinion of such officer, unreasonable. Where a Shareholder has sold or transferred some of such Shareholder's shares, such Shareholder shall be entitled to receive a certificate in respect of such Shareholder's remaining shares, provided that the previous certificate is delivered to the Company before the issuance of a new certificate.

(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) A share certificate which has been defaced, lost or destroyed, may be replaced, and the Company shall issue a new certificate to replace such defaced, lost or destroyed certificate upon payment of such fee, and upon the furnishing of such evidence of ownership and such indemnity, as the Board of Directors in its discretion deems fit.

10. **REGISTERED HOLDER**.

Except as otherwise provided in these Articles or the Companies Law, the Company shall be entitled to treat the registered holder of each share as the absolute owner thereof, and accordingly, shall not, except as ordered by a court of competent jurisdiction, or as required by the Companies Law, be obligated to recognize any equitable or other claim to, or interest in, such share on the part of any other person.

11. **ISSUANCE AND REPURCHASE OF SHARES**.

(a) The unissued shares from time to time shall be under the control of the Board of Directors (and to the full extent permitted by law any Committee (as defined herein) thereof), which shall have the power to issue or otherwise dispose of shares and of securities convertible or exercisable into or other rights to acquire from the Company to such persons, on such terms and conditions, and whether for consideration or otherwise, or subject to the provisions of the Companies Law, at a discount and/or with payment of commission, and at such times, as the Board of Directors (or the Committee, as the case may be) deems fit, and the power to give to any person the option to acquire from the Company any shares or securities convertible or exercisable into or other rights to acquire from the Company, either at par or at a premium, or, subject as aforesaid, at a discount and/or with payment of commission, during such time and for such consideration as the Board of Directors (or the Committee, as the case may be) deems fit.

(b) The Company may at any time and from time to time, subject to the Companies Law, repurchase or finance the purchase of any shares or other securities issued by the Company, in such manner and under such terms as the Board of Directors shall determine, whether from any one or more Shareholders. Such purchase shall not be deemed as payment of dividends and no Shareholder will have the right to require the Company to purchase his shares or offer to purchase shares from any other Shareholders.

12. **PAYMENT IN INSTALLMENT**.

If pursuant to the terms of issuance of any share, all or any portion of the price thereof shall be payable in installments, every such installment shall be paid to the Company on the due date thereof by the then registered holder(s) of the share or the person(s) then entitled thereto.

13. **REDEEMABLE SHARES**.

The Company may, subject to applicable law, issue redeemable shares or other securities and redeem the same upon terms and conditions to be set forth in a written agreement between the Company and the holder of such shares or in their terms of issuance.

TRANSFER OF SHARES

14. **REGISTRATION OF TRANSFER**.

No transfer of shares shall be registered unless a proper writing or instrument of transfer (in any customary form or any other form satisfactory to the Board of Directors) has been submitted to the Company (or its transfer agent), together with any share certificate(s) and such other evidence of title as the Board of Directors may reasonably require. Notwithstanding anything to the contrary herein, shares registered in the name of The Depository Trust Company or its nominee shall be transferrable in accordance with the policies and procedures of The Depository Trust Company. Until the transferee has been registered in the Register of Shareholders in respect of the shares so transferred, the Company may continue to regard the transferor as the owner thereof. The Board of Directors, may, from time to time, prescribe a fee for the registration of a transfer, and may approve other methods of recognizing the transfer of shares in order to facilitate the trading of the Company's shares on the NASDAQ or on any other stock exchange on which the Company's shares are then listed for trading.

15. **SUSPENSION OF REGISTRATION**.

The Board of Directors may, in its discretion to the extent it deems necessary, close the Register of Shareholders of registration of transfers of shares for a period determined by the Board of Directors, and no registrations of transfers of shares shall be made by the Company during any such period during which the Register of Shareholders is so closed.

TRANSMISSION OF SHARES

16. **DECEDENTS' SHARES**.

(a) In case of a share registered in the names of two or more holders, the Company may recognize the survivor(s) as the sole owner(s) thereof unless and until the provisions of Article 16(b) have been effectively invoked.

(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 (or to an officer of the Company to be designated by the Chief Executive Officer)), shall be registered as a Shareholder in respect of such share, or may, subject to the provisions as to transfer contained herein, transfer such share.

17. **RECEIVERS AND LIQUIDATORS**.

(a) The Company may recognize any receiver, liquidator or similar official appointed to wind-up, dissolve or otherwise liquidate a corporate Shareholder, and a trustee, manager, receiver, liquidator or similar official appointed in bankruptcy or in connection with the reorganization of, or similar proceeding with respect to a shareholder or its properties, as being entitled to the shares registered in the name of such Shareholder.

(b) Such receiver, liquidator or similar official appointed to wind-up, dissolve or otherwise liquidate a corporate Shareholder and such trustee, manager, receiver, liquidator or similar official appointed in bankruptcy or in connection with the reorganization of, or similar proceedings with respect to a shareholder or its properties, upon producing such evidence as the Board of Directors (or an officer of the Company to be designated by the Chief Executive Officer) may deem sufficient as to his authority to act in such capacity or under this Article, 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

18. **GENERAL MEETINGS**.

(a) An annual General Meeting ("**Annual General Meeting**") shall be held at such time and at such place, either within or out of the State of Israel, as may be determined by the Board of Directors, no later than fifteen (15) months after the last Annual General Meeting.

(b) All General Meetings other than Annual General Meetings shall be called "**Special General Meetings**".

19. **RECORD DATE FOR GENERAL MEETING**.

Notwithstanding any provision of these Articles to the contrary, and to allow the Company to determine the Shareholders entitled to notice of or to vote at any General Meeting or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or grant of any rights, or entitled to exercise any rights in respect of or to take or be the subject of any other action, the Board of Directors may fix a record date, which shall not be more than the maximum period and not less than the minimum period permitted by law. A determination of Shareholders of record entitled to notice of or to vote at a meeting shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

20. **SHAREHOLDER PROPOSAL REQUEST**.

(a) Any Shareholder or Shareholders of the Company holding at least one percent (1%) or a higher percent, as may be required by the Companies Law from time to time, of the voting rights of the Company (the "**Proposing Shareholder(s)**") may request, subject to the Companies Law, that the Board of Directors include a matter on the agenda of a General Meeting to be held in the future, provided that the Board determines that the matter is appropriate to be considered in a General Meeting (a "**Proposal Request**"). In order for the Board of Directors to consider a Proposal Request and whether to include the matter stated therein in the agenda of a General Meeting, notice of the Proposal Request must be timely delivered in accordance with applicable laws, and the Proposal Request must comply with the requirement of these Articles (including this Article 20) and any applicable law and stock exchange rules and regulations. The Proposal Request must be in writing, signed by all of the Proposing Shareholder(s) making such request, delivered, either in person or by certified mail, postage prepaid, and received by the Secretary (or, in the absence thereof by the Chief Executive Officer of the Company). To be considered timely, a Proposal Request must be received within the time periods prescribed by applicable law. The announcement of an adjournment or postponement of a General Meeting shall not commence a new time period (or extend any time period) for the delivery of a Proposal Request as described above. In addition to any information required to be included in accordance with applicable law, the Proposal Request must include the following: (i) the name, address, telephone number, fax number and email address of the Proposing Shareholder (or each Proposing Shareholder, as the case may be) and, if an entity, the name(s) of the person(s) that controls or manages such entity; (ii) the number of Shares held by the Proposing Shareholder(s), directly or indirectly (and, if any of such Shares are held indirectly, an explanation of how they are held and by whom), which shall be in such number no less than as is required to qualify as a Proposing Shareholder, accompanied by evidence satisfactory to the Company of the record holding of such Shares by the Proposing Shareholder(s) as of the date of the Proposal Request, and a representation that the Proposing Shareholder(s) intends to appear in person or by proxy at the meeting; (iii) the matter requested to be included on the agenda of a General Meeting, all information related to such matter, the reason that such matter is proposed to be brought before the General Meeting, the complete text of the resolution that the Proposing Shareholder proposes to be voted upon at the General Meeting and, if the Proposing Shareholder wishes to have a position statement in support of the Proposal Request, a copy of such position statement that complies with the requirement of any applicable law (if any), (iv) a description of all arrangements or understandings between the Proposing Shareholders and any other Person(s) (naming such Person or Persons) in connection with the matter that is requested to be included on the agenda and a declaration signed by all Proposing Shareholder(s) of whether any of them has a personal interest in the matter and, if so, a description in reasonable detail of such personal interest; (v) a description of all Derivative Transactions (as defined below) by each Proposing Shareholder(s) during the previous twelve (12) month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions; and (vi) a declaration that all of the information that is required under the Companies Law and any other applicable law and stock exchange rules and regulations to be provided to the Company in connection with such matter, if any, has been provided to the Company. The Board of Directors, may, in its discretion, to the extent it deems necessary, request that the Proposing Shareholder(s) provide additional information necessary so as to include a matter in the agenda of a General Meeting, as the Board of Directors may reasonably require.

A "**Derivative Transaction**" means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proposing Shareholder or any of its affiliates or associates, whether of record or beneficial: (1) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the Company, (2) which otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the Company, (3) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes, or (4) which provides the right to vote or increase or decrease the voting power of, such Proposing Shareholder, or any of its affiliates or associates, with respect to any shares or other

securities of the Company, which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proposing Shareholder in the securities of the Company held by any general or limited partnership, or any limited liability company, of which such Proposing Shareholder is, directly or indirectly, a general partner or managing member.

(b) The information required pursuant to this Article shall be updated as of (i) the record date of the General Meeting, (ii) five business days before the General Meeting, and (iii) as of the General Meeting, and any adjournment or postponement thereof.

(c) The provisions of Articles 20(a) and 20(b) shall apply, *mutatis mutandis*, on any matter to be included on the agenda of a Special General Meeting which is convened pursuant to a request of a Shareholder duly delivered to the Company in accordance with the Companies Law.

21. **NOTICE OF GENERAL MEETINGS; OMISSION TO GIVE NOTICE**.

(a) The Company is not required to give notice of a General Meeting, subject to any mandatory provision of the Companies Law, and any other requirements applicable to the Company. Notwithstanding anything herein to the contrary, to the extent permitted under the Companies Law, with the consent of all Shareholders entitled to vote thereon, a resolution may be proposed and passed at such meeting although a lesser notice period than hereinabove prescribed has been given.

(b) The accidental omission to give notice of a General Meeting to any Shareholder, or the non-receipt of notice sent to such Shareholder, shall not invalidate the proceedings at such meeting or any resolution adopted thereat.

(c) The Company may add additional places for Shareholders to review the full text of the proposed resolutions to be adopted at a General Meeting, including an internet site.

PROCEEDINGS AT GENERAL MEETINGS

22. **QUORUM**.

(a) No business shall be transacted at a General Meeting, or at any adjournment thereof, unless the quorum required under these Articles for such General Meeting or such adjourned meeting, as the case may be, is present when the meeting proceeds to business.

(b) In the absence of contrary provisions in these Articles, two or more Shareholders, present in person or by proxy and holding shares conferring in the aggregate at least one-third (1/3) of the voting power of the Company, shall constitute a quorum of General Meetings. A proxy may be deemed to be two (2) or more Shareholders pursuant to the number of Shareholders represented by the proxy holder.

(c) If within half an hour from the time appointed for the meeting a quorum is not present, then without any further notice the meeting shall be adjourned either (i) to the same day in the next week, at the same time and place, (ii) to such day and at such time and place as indicated in the notice to such meeting, or (iii) to such day and at such time and place as the Chairperson of the General Meeting shall determine (which may be earlier or later than the date pursuant to clause (i) above). No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called. At such adjourned meeting, if the original meeting was convened upon requisition under Section 63 of the Companies Law, one or more Shareholders, present in person or by proxy, and holding the number of shares required for making such requisition, shall constitute a

quorum, but in any other case any Shareholder (not in default as aforesaid) present in person or by proxy, shall constitute a quorum.

23. **CHAIRPERSON OF GENERAL MEETING**.

The Chairperson of the Board of Directors, shall preside as Chairperson of every General Meeting of the Company. If at any meeting the Chairperson is not present within fifteen (15) minutes after the time fixed for holding the meeting or is unwilling to act as Chairperson, any of the following may preside as Chairperson of the meeting (and in the following order): Director, Chief Executive Officer, Chief Financial Officer, Secretary or any person designated by any of the foregoing. If at any such meeting none of the foregoing persons is present or all are unwilling to act as Chairperson, the Shareholders present (in person or by proxy) shall choose a Shareholder or its proxy present at the meeting to be Chairperson. The office of Chairperson 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 Chairperson to vote as a Shareholder or proxy of a Shareholder if, in fact, he is also a Shareholder or such proxy).

24. **ADOPTION OF RESOLUTIONS AT GENERAL MEETINGS**.

(a) Except as required by the Companies Law or these Articles, including, without limitation, Article 34 below, a resolution of the Shareholders shall be adopted if approved by the holders of a simple majority of the voting power represented at the General Meeting in person or by proxy and voting thereon, as one class, and disregarding abstentions from the count of the voting power present and voting. Without limiting the generality of the foregoing, a resolution with respect to a matter or action for which the Companies Law prescribes a higher majority or pursuant to which a provision requiring a higher majority would have been deemed to have been incorporated into these Articles, but resolutions with respect to which the Companies Law allows the Company's Articles to provide otherwise, shall be adopted by a simple majority of the voting power represented at the General Meeting in person or by proxy and voting thereon, as one class, and disregarding abstentions from the count of the voting power present and voting.

(b) Every question submitted to a General Meeting shall be decided by a show of hands, but the Chairperson of the General Meeting may determine that a resolution shall be decided by a written ballot. A written ballot may be implemented before the proposed resolution is voted upon or immediately after the declaration by the Chairperson 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.

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

25. **POWER TO ADJOURN**.

A General Meeting, the consideration of any matter on its agenda or the resolution on any matter on its agenda, may be postponed or adjourned, from time to time and from place to place: (i) by the Chairperson of a General Meeting at which a quorum is present (and he shall if so directed by the meeting, with the consent of the holders of a majority of the voting power represented in person or by proxy and voting on the question of adjournment), but no business shall be transacted at any such adjourned meeting except business which might lawfully have been transacted at the meeting as originally called, or a matter on its agenda with respect to which no resolution was adopted at the meeting originally called; or (ii) by the Board (whether prior to or at the General Meeting).

26. **VOTING POWER**.

Subject to the provisions of Article 27(a) and 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 thereon is conducted by a show of hands, by written ballot or by any other means.

27. **VOTING RIGHTS.**

(a) A company or other corporate body being a Shareholder of the Company may duly authorize any person to be its representative at any meeting of the Company or to execute or deliver a proxy on its behalf. Any person so authorized shall be entitled to exercise on behalf of such

Shareholder all the power which the Shareholder could have exercised if it were an individual. Upon the request of the Chairperson of the General Meeting, written evidence of such authorization (in form acceptable to the Chairperson) shall be delivered to him.

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

(c) 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). For the purpose of this Article 27(c), seniority shall be determined by the order of registration of the joint holders in the Register of Shareholder.

PROXIES

28. **INSTRUMENT OF APPOINTMENT**.

(a) An 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 POLYPID LTD. hereby appoints

_____ 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 , .

(Signature of Appointor)"

or in any such form as may be approved by the Board of Directors.

(b) Subject to the Companies Law, the original instrument appointing a proxy or a copy thereof (and the power of attorney or other authority, if any, under which such instrument has been signed) shall be delivered to the Company (at its Office, at its principal place of business, or at the offices of its registrar or transfer agent, or at such place as notice of the meeting may specify) not less than forty eight (48) hours (or such shorter period as the notice shall specify) before the time fixed for such meeting. Notwithstanding the above, the Chairperson shall have the right to waive the time requirement provided above with respect to all instruments of proxies and to accept any and all instruments of proxy until the beginning of a General Meeting. A document appointing a proxy shall be valid for every adjourned meeting of the General Meeting to which the document relates.

29. **EFFECT OF DEATH OF APPOINTOR OF TRANSFER OF SHARE AND OR REVOCATION OF APPOINTMENT**.

(a) A vote cast in accordance with an instrument appointing a proxy shall be valid notwithstanding the prior death or bankruptcy of the appointing Shareholder (or of his attorney-in-fact, if any, who signed such instrument), or the transfer of the share in respect of which the vote is cast, unless written notice of such matters shall have been received by the Company or by the Chairperson of such meeting prior to such vote being cast.

(b) Subject to the Companies Law, an instrument appointing a proxy shall be deemed revoked (i) upon receipt by the Company or the Chairperson, subsequent to receipt by the Company of such instrument, of written notice signed by the person signing such instrument or by the Shareholder appointing such proxy canceling the appointment thereunder (or the authority pursuant to which such instrument was signed) or of an instrument appointing a different proxy (and such other documents, if any, required under Article 28(b) for such new appointment), provided such notice of cancellation or instrument appointing a different proxy were so received at the place and within the time for delivery of the instrument revoked thereby as referred to in Article 28(b) hereof, or (ii) if the appointing Shareholder is present in person at the meeting for which such instrument of proxy was delivered, upon receipt by the Chairperson of such meeting of written notice from such Shareholder of the revocation of such appointment, or if and when such Shareholder votes at such meeting. A vote cast in accordance with an instrument appointing a proxy shall be valid notwithstanding the revocation or purported cancellation of the appointment, or the presence in person or vote of the appointing Shareholder at a meeting for which it was rendered, unless such instrument of appointment was deemed revoked in accordance with the foregoing provisions of this Article 29(b) at or prior to the time such vote was cast.

BOARD OF DIRECTORS

30. **POWERS OF BOARD OF DIRECTORS**.

(a) The Board of Directors may exercise all such powers and do all such acts and things as the Board of Directors is authorized by law or as the Company is authorized to exercise and do and are not hereby or by law required to be exercised or done by the General Meeting. The authority conferred on the Board of Directors by this Article 30 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 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 which would have been valid if such regulation or resolution had not been adopted.

(b) Without limiting the generality of the foregoing, the Board of Directors may, from time to time, set aside any amount(s) out of the profits of the Company as a reserve or reserves for any purpose(s) which the Board of Directors, in its absolute discretion, shall deem fit, including without

limitation, capitalization and distribution of bonus shares, and may invest any sum so set aside in any manner and from time to time deal with and vary such investments and dispose of all or any part thereof, and employ any such reserve or any part thereof in the business of the Company without being bound to keep the same separate from other assets of the Company, and may subdivide or re-designate any reserve or cancel the same or apply the funds therein for another purpose, all as the Board of Directors may from time to time think fit.

31. **EXERCISE OF POWERS OF BOARD OF DIRECTORS**.

(a) A meeting of the Board of Directors at which a quorum is present shall be competent to exercise all the authorities, powers and discretion 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 present, entitled to vote and voting thereon when such resolution is put to a vote. In case of an equality of votes of the Board, the Chairman of the Board shall not have a second casting vote, and the proposed resolution shall be deemed to be defeated.

(c) The Board of Directors may adopt resolutions, without convening a meeting of the Board of Directors, in writing or in any other manner permitted by the Companies Law, provided that all directors entitled to participate in the meeting and to vote on the subject brought for decision agree thereto. If any resolutions are made pursuant to this Article 31(c), the Chairman of the Board shall record minutes of the decisions stating the manner of voting of each director on the subjects brought for decision as well as the fact that all such directors agreed to take the decision without convening.

(d) The Board may hold meetings by use of any means of communication on the condition that all participating directors can hear each other at the same time.

(e) The Board may, from time to time, in its discretion, borrow or secure any amounts of money required by the Company to conduct its business.

(f) The Board shall be entitled to issue documents of undertaking, such as options, debentures, whether linked or redeemable, convertible debentures or debentures convertible into other securities, or debentures which carry a right to purchase shares or other securities, or any mortgage, pledge, collateral or other charge over the property of the Company and its undertaking, whether present or future, including the uncalled share capital or the share capital which has been called but not yet paid. The deeds of undertaking, debentures of various kinds or other forms of collateral may be issued at a discount, at a premium or otherwise and with such rights as the Board shall determine.

32. **DELEGATION OF POWERS**.

(a) The Board of Directors may, subject to the provisions of the Companies Law, delegate any or all of its powers to committees (in these Articles referred to as a "**Committee of the Board of Directors**", or "**Committee**"), each consisting of one or more persons (who may or may not be Directors), and it may from time to time revoke such delegation or alter the composition of any such Committee. No regulation imposed by the Board of Directors on any Committee and no resolution of the Board of Directors shall invalidate any prior act done pursuant to a resolution by the Committee which would have been valid if such regulation or resolution of the Board had not been adopted. The meeting 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 or by the Companies Law. Unless otherwise expressly prohibited by the Board of Directors in delegating powers to a Committee of the Board of Directors, such Committee shall be empowered to further delegate such powers.

(b) Without derogating from the provisions of Article 44, the Board of Directors may from time to time appoint a Secretary to the Company, as well as officers, agents, employees and independent contractors, as the Board of Directors deems fit, and may terminate the service of any such person. The Board of Directors may, subject to the provisions of the Companies Law, determine the powers and duties, as well as the salaries and compensation, of all such persons.

(c) The Board of Directors may from time to time, by power of attorney or otherwise, appoint any person, company, firm or body of persons to be the attorney or attorneys of the Company at law or in fact for such purposes(s) and with such powers, authorities and discretions, and for such period and subject to such conditions, as it deems fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board of Directors deems fit, and may also authorize any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

33. NUMBER OF DIRECTORS.

(a) The Board of Directors shall consist of such number of Directors, not less than five (5) nor more than eleven (11), including the External Directors (if any), which will be elected if and as required under the Companies Law, as may be fixed from time to time by the Board of Directors.

(b) Notwithstanding anything to the contrary herein, this Article 33 may only be amended or replaced by a resolution adopted at a General Meeting by a majority of 65% of the voting power represented at the General Meeting in person or by proxy and voting thereon, disregarding abstentions from the count of the voting power present and voting.

34. **ELECTION AND REMOVAL OF DIRECTORS**.

(a) Other than External Directors, if any (who shall be elected and serve in office in strict accordance with the provisions of Israeli law), Directors of the Company shall be elected solely at an Annual General Meeting and shall serve in their office until the next Annual General Meeting, or until they cease to serve in their office in accordance with the provisions of the Articles or any law, whichever is earlier.

(b) Prior to every Annual General Meeting of the Company, and subject to clauses (a) and (f) of this Article, the Board of Directors (or a Committee thereof) shall select, by a resolution adopted by a majority of the Board of Directors (or such Committee), a number of Persons to be proposed to the Shareholders for election as Directors at such Annual General Meeting (the "**Nominees**").

(c) Any Proposing Shareholder requesting to include on the agenda of an Annual General Meeting a nomination of a Person to be proposed to the Shareholders for election as Director (such person, an "**Alternate Nominee**"), may so request provided that it complies with this Article 34(c) and Article 20 and applicable law. Unless otherwise determined by the Board, a Proposal Request relating to Alternate Nominee is deemed to be a matter that is appropriate to be considered only in an Annual General Meeting. In addition to any information required to be included in accordance with applicable law, such a Proposal Request shall include information required pursuant to Article 20, and shall also set forth: (i) the name, address, telephone number, fax number and email address of the Alternate Nominee and all citizenships and residencies of the Alternate Nominee; (ii) a description of all arrangements, relations or understandings between the Proposing Shareholder(s) or any of its affiliates and each Alternate Nominee; (iii) a declaration signed by the Alternate Nominee that he consents to be named in the Company's notices and proxy materials relating to the Annual General Meeting, if provided or published, and, if elected, to serve on the Board of Directors and to be named in the Company's disclosures and filings, (iv) a declaration signed by each Alternate Nominee as required under the Companies Law and any other applicable law and stock exchange rules and regulations for the appointment of such an Alternate Nominee and an undertaking that all of the information that is required under law and stock exchange rules and regulations to be provided to the Company in connection with such an appointment has been provided (including, information in respect of the Alternate Nominee as would be provided in response to the applicable disclosure requirements under Form 20-F or any other applicable form prescribed by the U.S. Securities and Exchange Commission); (v) a declaration made by the Alternate Nominee of whether he or she meets the criteria for an independent director and/or External Director of the Company under the Companies Law and/or under any applicable law, regulation or stock exchange rules, and if not, then an explanation of why not; and (vi) any other information required at the time of submission of the Proposal Request by applicable law, regulations or stock exchange rules. In addition, the Proposing Shareholder shall promptly provide any other information reasonably requested by the Company. The Board of Directors may refuse to acknowledge the nomination of any person not made in compliance with the foregoing. The Company shall be entitled to publish any information provided by a Proposing Shareholder pursuant to this Article 34(c) and Article 20, and the Proposing Shareholder shall be responsible for the accuracy and completeness thereof.

(d) The Nominees or Alternate Nominees shall be elected by a resolution adopted at the Annual General Meeting at which they are subject to election.

(e) Notwithstanding anything to the contrary herein, this Article 34 and Article 37(e) may only be amended, replaced or suspended by a resolution adopted at a General Meeting by a majority of 65% of the voting power represented at the General Meeting in person or by proxy and voting thereon, disregarding abstentions from the count of the voting power present and voting.

(f) Notwithstanding anything to the contrary in these Articles, the election, qualification, removal or dismissal of External Directors shall be only in accordance with the applicable provisions set forth in the Companies Law.

35. **COMMENCEMENT OF DIRECTORSHIP**.

Without derogating from Article 34, the term of office of a Director shall commence as of the date of his appointment or election, or on a later date if so specified in his appointment or election.

36. **CONTINUING DIRECTORS IN THE EVENT OF VACANCIES**.

The Board may at any time and from time to time appoint any person as a Director to fill a vacancy (whether such vacancy is due to a Director no longer serving or due to the number of Directors serving being less than the maximum number stated in Article 33 hereof). In the event of one or more such vacancies in the Board of Directors, the continuing Directors may continue to act in every matter, provided, however, that if they number less than the minimum number provided for pursuant to Article 33 hereof, they may only act in an emergency or to fill the office of director which has become vacant up to a number equal to the minimum number provided for pursuant to Article 33 hereof. The office of a Director that was appointed by the Board of Directors to fill any vacancy shall only be for the remaining period of time during which the Director whose service has ended was filled would have held office, or in case of a vacancy due to the number of Directors serving being less than the maximum number stated in Article 33 hereof, the Board shall determine at the time of appointment the class pursuant to Article 34 to which the additional Director shall be assigned.

37. **VACATION OF OFFICE**.

The office of a Director shall be vacated and he or she shall be dismissed or removed:

(a) *ipso facto*, upon his or her death;

(b) if he or she is prevented by applicable law from serving as a Director;

(c) if he or she is declared bankrupt;

(d) if the Board determines that due to his or her mental or physical state he or she is unable to serve as a director;

(e) if his or her directorship expires pursuant to these Articles and/or applicable law, including but not limited to instances in which the Board terminated the office of such director in accordance with Section 231 of the Companies Law or due to a court given order in accordance with Section 233 of the Companies Law;

(f) by a resolution adopted at a General Meeting by a majority of 65% of the voting power represented at the General Meeting in person or by proxy and voting thereon, disregarding abstentions from the count of the voting power present and voting. Such removal shall become effective on

the date fixed in such resolution;

(g) by his or her written resignation, such resignation becoming effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later; or

(h) with respect to an External Director, and notwithstanding anything to the contrary herein, only pursuant to applicable law.

38. **CONFLICT OF INTERESTS; APPROVAL OF RELATED PARTY TRANSACTIONS**.

Subject to the provisions of the Companies Law and these Articles, no Director shall be disqualified by virtue of his office from holding any office or place of profit in the Company or in any company in which the Company shall be a Shareholder or otherwise interested, or from contracting with the Company as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be avoided, nor, other than as required under the Companies Law, shall any Director be liable to account to the Company for any profit arising from any such office or place of profit or realized by any such contract or arrangement by reason only of such Director's holding that office or of the fiduciary relations thereby established, but the nature of his interest, as well as any material fact or document, must be disclosed by him at the meeting of the Board of Directors at which the contract or arrangement is first considered, if his interest then exists, or, in any other case, at no later than the first meeting of the Board of Directors after the acquisition of his interest.

39. **ALTERNATE DIRECTORS**.

(a) Subject to the provisions of the Companies Law, a Director may, by written notice to the Company, appoint, remove or replace any person as an alternate for himself; provided that the appointment of such person shall have effect only upon and subject to its being approved by the Board (in these Articles, an "**Alternate Director**"). 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 all purposes, and for a period of time concurrent with the term of the appointing Director.

(b) Any notice to the Company pursuant to Article 39(a) shall be given in writing to the Chairperson of the Board of Directors, or by sending the same in writing to the attention of the Chairperson of the Board of Directors at the principal office of the Company or to such other person or place as the Board of Directors shall have determined for such purpose, and shall become effective on the date fixed therein, upon the receipt thereof by the Company (at the place as aforesaid) or upon the approval of the appointment by the Board, whichever is later.

(c) An Alternate Director shall have all the rights and obligations of the Director who appointed him, provided however, that (i) he may not in turn appoint an alternate for himself (unless the instrument appointing him otherwise expressly provides), and (ii) 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 individual, who qualifies to be a member of the Board of Directors, may act as an Alternate Director. One person may not act as Alternate Director for several directors.

(e) The office of an Alternate Director shall be vacated under the circumstances, *mutatis mutandis*, set forth in Article 37, and such office shall ipso facto be vacated if the office of the Director who appointed such Alternate Director is vacated, for any reason.

PROCEEDINGS OF THE BOARD OF DIRECTORS

40. **MEETINGS**.

(a) The Board of Directors may meet and adjourn its meetings and otherwise regulate such meetings and proceedings as the Directors think fit.

(b) Any Director may at any time, and the Secretary, upon the request of such Director, shall, convene a meeting of the Board of Directors, but not less than forty-eight (48) hours' notice shall be given of any meeting so convened, unless such notice is waived by all of the

Directors as to a particular meeting or unless the matters to be discussed at such meeting are of such urgency and importance, as determined by the Chairperson, that notice ought reasonably to be waived under the circumstances.

(c) Notice of any such meeting shall be given at least 24 hours in advance, unless the urgency of the matter to be discussed at the meeting reasonably necessitates a shorter notice, and in writing and in accordance with Article 62.

41. **QUORUM**.

Until otherwise unanimously decided by the Board of Directors, a quorum at a meeting of the Board of Directors shall be constituted by the presence in person or by any means of communication of a majority of the Directors then in office who are lawfully entitled to participate and vote in the meeting. No business shall be transacted at a meeting of the Board of Directors unless the requisite quorum is present (in person or by any means of communication) when the meeting proceeds to business.

42. **CHAIRPERSON OF THE BOARD OF DIRECTORS**.

The Board of Directors shall, from time to time, elect one of its members to be the Chairperson of the Board of Directors, remove such Chairperson from office and appoint in his place. The Chairperson of the Board of Directors shall preside at every meeting of the Board of Directors, but if there is no such Chairperson, or if at any meeting he is not present within fifteen (15) minutes of the time fixed for the meeting or if he is unwilling to take

the chair, the Directors present shall choose one of the Directors present at the meeting to be the Chairperson of such meeting. The office of Chairperson of the Board of Directors shall not, by itself, entitle the holder to a second or casting vote.

43. **VALIDITY OF ACTS DESPITE DEFECTS**.

(a) All acts done or transacted 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 defect in the appointment of the participants in such meeting 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.

(b) The General Meeting shall be entitled to ratify any act taken by the Board or any committee without authority or which was tainted by some other defect. From the time of such ratification, every act ratified shall be treated as though lawfully preformed from the outset.

CHIEF EXECUTIVE OFFICER

44. **CHIEF EXECUTIVE OFFICER**.

(a) The Board of Directors shall from time to time appoint one or more persons, whether or not Directors, as Chief Executive Officer of the Company and may confer upon such person(s), and from time to time modify or revoke, such titles and such duties and authorities of the Board of Directors as the Board of Directors may deem fit, subject to such limitations and restrictions as the Board of Directors may from time to time prescribe. Such appointment(s) may be either for a fixed term or without any limitation of time, and the Board of Directors may from time to time (subject to any additional approvals required under, and the provisions of, the Companies Law and of any contract between any such person and the Company) fix their salaries and compensation, remove or dismiss them from office and appoint another or others in his or their place or places.

(b) Unless otherwise determined by the Board of Directors, the Chief Executive Officer shall have authority with respect to the management and operations of the Company in the ordinary course of business.

MINUTES

45. **MINUTES.**

Any minutes of the General Meeting or the Board of Directors or any committee thereof, if purporting to be signed by the Chairperson of the General Meeting, the Board or a committee thereof, as the case may be, or by the Chairperson of the next succeeding General Meeting, meeting of the Board or meeting of a committee thereof, as the case may be, shall constitute prima facie evidence of the matters recorded therein.

DIVIDENDS

46. **DECLARATION OF DIVIDENDS**.

The Board of Directors may from time declare, and cause the Company to pay, such dividend as may appear to the Board of Directors to be justified by the profits of the Company and as permitted by the Companies Law. The Board of Directors shall determine the time for payment of such dividends and the record date for determining the Shareholders entitled thereto.

47. **AMOUNT PAYABLE BY WAY OF DIVIDENDS**.

(a) Subject to the provisions of these Articles and subject to the rights or conditions attached at that time to any share in the capital of the Company granting preferential, special or deferred rights or not granting any rights with respect to dividends, 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 dividends are being paid.

48. **INTEREST**.

No dividend shall carry interest as against the Company.

49. **CAPITALIZATION OF PROFITS, RESERVES, ETC**.

The Board of Directors may determine that the Company (i) may cause any moneys, investments, or other assets forming part of the undivided profits of the Company, standing to the credit of a reserve fund, or to the credit of a reserve fund for the redemption of capital, or in the hands of the Company and available for dividends, or representing premiums received on the issuance of shares and standing to the credit of the share premium account, to be capitalized and distributed among such of the Shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion, on the footing that they become entitled thereto as capital; and (ii) may cause such distribution or payment to be accepted by such Shareholders in full satisfaction of their interest in the said capitalized sum.

50. **IMPLEMENTATION OF POWERS**.

For the purpose of giving full effect to any resolution under Article 49, and without derogating from the provisions of Article 51 hereof, the Board of Directors may settle any difficulty which may arise in regard to the distribution as it thinks expedient, and, in particular, may fix the value for distribution of any specific assets and may determine that cash payments shall be made to any Shareholders upon the footing of the value so fixed, or that fractions of less value than a certain determined value may be disregarded in order to adjust the rights of all parties, and may vest any such cash, shares, debentures, debenture stock or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board of Directors. Where requisite, a proper contract shall be filed in accordance with Section 291 of the Companies Law, and the Board of Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund.

51. **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 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. The principal (and only the principal) of any unclaimed dividend of such other moneys shall be, if claimed, paid to a person entitled thereto.

52. **MECHANICS OF PAYMENT**.

Any dividend or other moneys payable in cash in respect of a share may be paid by check or payment order 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 the joint holder whose name is registered first in the Register of Shareholders or his bank account or the person who the Company may then recognize as the owner thereof or entitled thereto under Article 16 or 17 hereof, as applicable, or such person's bank account), or to such person and at such other address as the person entitled thereto may by writing direct, or in any other manner the Board deems appropriate. Every such check or warrant or other method of payment 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.

53. **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

54. **BOOKS OF ACCOUNT**.

The Company's books of account shall be kept at the 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. No Shareholder, not being a Director, shall have any right to inspect any account or book or other similar document of the Company, except as conferred by law or authorized by the Board of Directors. The Company shall make copies of its annual financial statements available for inspection by the Shareholders at the principal offices of the Company. The Company shall not be required to send copies of its annual financial statements to the Shareholders.

55. **AUDITORS**.

The appointment, authorities, rights and duties of the auditor(s) of the Company, shall be regulated by applicable law, provided, however, that in exercising its 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 (with right of delegation to management) to fix such remuneration subject to such criteria or standards, 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 such auditor(s).

SUPPLEMENTARY REGISTERS

56. **SUPPLEMENTARY REGISTERS**.

Subject to and in accordance with the provisions of Sections 138 and 139 of the Companies Law, the Company may cause supplementary registers to be kept in any place outside Israel as the Board of Directors may think fit, and, subject to all applicable requirements of law, the Board of Directors may from time to time adopt such rules and procedures as it may think fit in connection with the keeping of such branch registers.

EXEMPTION, INDEMNITY AND INSURANCE

57. **INSURANCE**.

Subject to the provisions of the Companies Law with regard to such matters, the Company may enter into a contract for the insurance of the liability, in whole or in part, of any of its Office Holders imposed on such Office Holder due to an act performed by or an omission of the Office Holder in the Office Holder's capacity as an Office Holder of the Company arising from any matter permitted by law, including the following:

(a) a breach of duty of care to the Company or to any other person;

(b) a breach of duty of loyalty to the Company, provided that the Office Holder acted in good faith and had reasonable grounds to assume that the act that resulted in such breach would not prejudice the interests of the Company;

(c) a financial liability imposed on such Office Holder in favor of any other person in his or her capacity as an Office Holder; and

(d) any other event, occurrence, matter or circumstance under any law with respect to which the Company may, or will be able to, insure an Office Holder, and to the extent such law requires the inclusion of a provision permitting such insurance in these Articles, then such provision is deemed to be included and incorporated herein by reference (including, without limitation, in accordance with Section 56h(b)(1) of the Securities Law, if and to the extent applicable, and Section 50P of the RTP Law).

58. **INDEMNITY**.

(a) Subject to the provisions of the Companies Law, the Company may retroactively indemnify an Office Holder of the Company with respect to the following liabilities and expenses, provided that such liabilities or expenses were imposed on such Office Holder or incurred by such Office Holder due to an act performed by or an omission of the Office Holder in such Office Holder's capacity as an Office Holder of the Company:

(i) a financial liability imposed on an Office Holder in favor of another person by any court judgment, including a judgment given as a result of a settlement or an arbitrator's award which has been confirmed by a court in respect of an act performed by the Office Holder; provided, however, that any such indemnification shall be limited to: (a) events which, to the opinion of the Board, are foreseeable in light of the Company's actual operations at the time of granting such indemnification, and (b) such events deemed by the Board to be foreseeable are listed in the indemnification undertaking together with a set amount or criteria determined by the Board to be reasonable;

(ii) reasonable litigation expenses, including attorneys' fees, expended by the Office Holder as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, or in connection with a financial sanction, provided that (1) no indictment (as defined in the Companies Law) was filed against such office holder as a result of such investigation or proceeding; and (2) no financial liability in lieu of a criminal

proceeding (as defined in the Companies Law) was imposed upon him or her as a result of such investigation or proceeding or if such financial liability was imposed, it was imposed with respect to an offence that does not require proof of criminal intent;

(iii) reasonable litigation costs, including attorney's fees, expended by an Office Holder or which were imposed on an Office Holder by a court in proceedings filed against the Office Holder by the Company or in its name or by any other person or in a criminal charge in respect of which the Office Holder was acquitted or in a criminal charge in respect of which the Office Holder was convicted for an offence which did not require proof of criminal intent; and

(iv) any other event, occurrence, matter or circumstance under any law with respect to which the Company may, or will be able to, indemnify an Office Holder, and to the extent such law requires the inclusion of a provision permitting such indemnity in these Articles, then such provision is deemed to be included and incorporated herein by reference (including, without limitation, in accordance with Section 56h(b)(1) of the Securities Law, if and to the extent applicable, and Section 50P(b)(1) of the RTP Law).

(b) Subject to the provisions of the Companies Law, the Company may undertake to indemnify an Office Holder, in advance, with respect to those liabilities and expenses described in the following Articles:

(i) Sub-Article 60(a)(ii) to 60(a)(iv); and

(ii) Sub-Article 60(a)(i), provided that:

(1) the undertaking to indemnify is limited to such events which the Board of Directors shall deem to be likely to occur in light of the operations of the Company at the time that the undertaking to indemnify is made and for such amounts or criterion which the Directors may, at the time of the giving of such undertaking to indemnify, deem to be reasonable under the circumstances; and

(2) the undertaking to indemnify shall set forth such events which the Directors shall deem to be likely to occur in light of the operations of the Company at the time that the undertaking to indemnify is made, and the amounts and/or criterion which the Directors may, at the time of the giving of such undertaking to indemnify, deem to be reasonable under the circumstances.

59. **EXEMPTION**.

Subject to the provisions of the Companies Law and the Securities Law, the Company hereby exempts and releases, in advance, any Office Holder from any liability to the Company for damages arising out of a breach of the Office Holder's duty of care towards the Company.

60. **GENERAL**.

(a) Any amendment to the Companies Law adversely affecting the right of any Office Holder to be indemnified or insured pursuant to Articles 57 to 59 and any amendments to Articles 57 to 59 shall be prospective in effect, and shall not affect the Company's obligation or ability to indemnify or insure an Office Holder for any act or omission occurring prior to such amendment, unless otherwise provided by applicable law.

(b) The provisions of Articles 57 to 59 (i) shall apply to the maximum extent permitted by law (including, the Companies Law, the Securities Law and the RTP Law); and (ii) are not intended, and shall not be interpreted so as to restrict the Company, in any manner, in respect of the procurement of insurance and/or in respect of indemnification (whether in advance or retroactively) and/or exemption, in favor of any person who is not an Office Holder,

including, without limitation, any employee, agent, consultant or contractor of the Company who is not an Office Holder; and/or any Office Holder to the extent that such insurance and/or indemnification is not specifically prohibited under law.

WINDING UP

61. **WINDING UP**.

If the Company is wound up, then, subject to applicable law and to the rights of the holders of shares with special rights upon winding up, the assets of the Company available for distribution among the Shareholders shall be distributed to them in proportion to the nominal value of their respective holdings of the shares in respect of which such distribution is being made.

NOTICES

62. **NOTICES**.

(a) Any written notice or other document may be served by the Company upon any Shareholder either personally, by facsimile, email or other electronic transmission, or by sending it 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.

(b) 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 Chief Executive Officer of the Company at the principal office of the Company, by facsimile transmission, or by sending it by prepaid registered mail (airmail if posted outside Israel) to the Company at its Office.

(c) Any such notice or other document shall be deemed to have been served:

(i) in the case of mailing, forty-eight (48) hours after it has been posted, or when actually received by the addressee if sooner than forty-eight hours after it has been posted;

(ii) in the case of overnight air courier, on the next business day following the day sent, with receipt confirmed by the courier, or when actually received by the addressee if sooner than three business days after it has been sent;

(iii) in the case of personal delivery, when actually tendered in person, to such addressee; or

(iv) in the case of facsimile, email or other electronic transmission, on the first business day (during normal business hours in place of addressee) on which the sender receives automatic electronic confirmation by the addressee's facsimile machine that such notice was received by the addressee or delivery confirmation from the addressee's email or other communication server.

(d) 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 other respect, to comply with the provisions of this Article 64.

(e) 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.

(f) 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.

(g) Notwithstanding anything to the contrary contained herein, notice by the Company of a General Meeting, containing the information required by applicable law and these Articles to be set forth therein, which is published, within the time otherwise required for giving notice of such meeting, in:

(i) at least two daily newspapers in the State of Israel shall be deemed to be notice of such meeting duly given, for the purposes of these Articles, to any Shareholder whose address as registered in the Register of Shareholders (or as designated in writing for the receipt of notices and other documents) is located in the State of Israel; and

(ii) one daily newspaper in the City of New York and in one international wire service shall be deemed to be notice of such meeting duly given, for the purposes of these Articles, to any Shareholder whose address as registered in the Register of Shareholders (or as designated in writing for the receipt of notices and other documents) is located outside the State of Israel.

(h) The mailing or publication date and the date of the meeting shall be counted as part of the days comprising any notice period.

* * *

THIS WARRANT AND THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), THE ISRAELI SECURITIES LAW 5728 — 1968, AS AMENDED, OR ANY STATE OR FOREIGN SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH SALE, OFFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF THE ACT AND OF ANY APPLICABLE SECURITIES LAWS.

No. 1 WARRANT TO PURCHASE
ISSUED: April 7, 2008 PREFERRED A SHARES

Polypid Ltd. Warrant

THIS WARRANT is issued to Xenia Venture Capital Ltd. or its assigns (the "**Holder**") by Polypid Ltd., an Israeli corporation (the "**Company**"), pursuant to the terms of that certain Founders' and Share Purchase Agreement dated March 16, 2008 (the "**Agreement**") according to which the Holder is issued this Warrant to purchase 450,000 Series A Preferred Shares, par value NIS 0.10 each, of the Company (the "**Warrant Shares**"), as adjusted or readjusted pursuant to Section 3 hereof, on the terms set forth herein, representing (as reflected in the Cap Table attached to the Agreement as Exhibit 2.1(a)) 4.50% of the Company's share capital on a Fully Diluted Basis (as defined in the Agreement) immediately after the Closing (as defined in the Agreement).

1. Exercise Price and Number of Warrant Shares

(a) The per share exercise price for the Warrant Shares shall be the par value thereof, i.e. Ten Israeli Agorot (NIS 0.10) (the "**Exercise Price**"). The number of shares and type of security are subject to adjustment for the protection of the Holder as provided below.

(b) This Warrant may be exercised by the Holder at any time during the period commencing with the date hereof and ending upon the consummation of the earlier of the following events: (i) the Company's initial public offering of its shares offering on the NASDAQ National Market, the New-York Stock Exchange, the London Stock Exchange, the AIM, the Tel Aviv Stock Exchange, the Hong Kong Stock Exchange, the Toronto Stock Exchange, the Moscow Stock exchange and the Ireland Stock Exchange, reflecting a pre-money valuation of the Company of at least seventy five million United States dollars (US$ 75,000,000) with net proceeds to the Company of not less than fifteen million United States Dollars (US$ 15,000,000) ("**QIPO**"); (ii) a merger or consolidation of the Company with or into another company, and (iii) the sale of all or substantially all of the Company's properties and assets or the sale of all or substantially all of the Company's shares to another party (each of the events in (ii) and (iii) an "**M&A**") (the "**Exercise Period**") provided, however, that the Company shall provide written notice to the Holder of an intended QIPO or M&A not less than 45 days prior to the intended closing of such QIPO or M&A. The Warrant may be exercised by the Holder in whole or in part, by delivering to the Company (a) this Warrant certificate, (b) an amount equal to the Exercise Price multiplied by the number of Warrant Shares for which this Warrant is being exercised

(the "**Purchase Price**"), and (c) the Notice of Exercise attached as Exhibit A duly completed and executed by the Holder. Upon exercise, the Holder shall be entitled to receive from the Company a share certificate in proper form representing the number of Warrant Shares so purchased.

(c) The Holder may condition its exercise hereof in connection with a QIPO or M&A on the completion of such QIPO or M&A.

2. Delivery of Share Certificates; No Fractional Shares

(a) Within 10 days after the payment of the Purchase Price following the exercise of this Warrant (in whole or in part), the Company at its expense shall (1) issue in the name of the Holder the number of fully paid and nonassessable Warrant Shares to which the Holder shall be entitled upon such exercise; and (2) register the Holder in the Company's shareholders registrar as the holder of the Warrant Shares to which the Holder shall be entitled upon such exercise, and deliver to the Holder: (i) a certificate or certificates thereof, and (ii) a new Warrant of like tenor to purchase up to that number of Warrant Shares, if any, as to which this Warrant has not been exercised.

(b) If, upon exercise of this Warrant, a fraction of a share results, the Company will round up the number of Warrant Shares deliverable hereunder to the next whole number of such shares.

3. Adjustments

The number and kind of securities purchasable upon the exercise of this Warrant, and the Exercise Price therefor, shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

(a) Reclassification. In case of any reclassification or change of the Warrant Shares (other than as a result of a subdivision or combination), the Company shall execute a new Warrant, providing that the Holder of this Warrant shall have the right to exercise such new Warrant, and procure upon such exercise and payment of the same aggregate Exercise Price, in lieu of the Warrant Shares theretofore issuable upon exercise of this Warrant, the kind and amount of shares, other securities, money and property receivable upon such reclassification or change, by a holder of an equivalent number of Warrant Shares. Such new Warrant shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 3. The provisions of this Section 3(a) shall similarly apply to successive reclassifications or changes.

(b) Share Splits and Combinations. In the event that the Company shall at any time subdivide the Warrant Shares, the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such subdivision shall be proportionately increased, and in the event that the Company shall at any time combine the Warrant Shares, the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such combination shall be proportionately decreased, effective at the close of business on the date of such subdivision or combination, as the case may be.

(c) Adjustments for Certain Dividends and Distributions. In the event the Company at any time or from time to time makes, or fixes a record date for the determination of holders of the Warrant Shares entitled to receive, a dividend or other distribution payable in securities of the Company, then in each

such event provision shall be made so that the

Holder shall receive upon exercise of this Warrant, in addition to the number receivable thereupon of Warrant Shares, the amount of securities of the Company that the Holder would have received had this Warrant been exercised immediately prior to such event (or the record date for such event) and had the Holder thereafter, during the period from the date of such event to and including the date of exercise, retained such securities receivable by it as aforesaid during such period, subject to all other adjustments called for during such period under this Section.

(d) Reorganization. If at any time there is a capital reorganization the Company's shares (other than a recapitalization, subdivision, combination or reclassification provided for elsewhere in this section), then, as a part of such reorganization, provision shall be made so that the Holder shall thereafter be entitled to receive upon exercise of this Warrant, the number of shares or other securities or property of the Company to which a holder of shares deliverable upon conversion would have been entitled on such capital reorganization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 3(d) and the Company's Articles with respect to the rights of the Holder after the reorganization to the end that the provisions of this Section 3(d) and the Company's Articles (including adjustment of the number of shares issuable upon exercise of this Warrant) shall be applicable after that event and be as nearly equivalent to the provisions hereof as may be practicable.

(e) Other Transactions. In the event that the Company shall issue shares to its shareholders as a result of a split-off, spin-off or the like, then the Company shall only complete such issuance or other action if, as part thereof, allowance is made to protect the economic interest of the Holder either by increasing the number of Warrant Shares or by procuring that the Holder shall be entitled, on economically proportionate terms, to acquire additional shares of the spun-off or split-off entities.

(f) General Protection. The Company will not, by amendment of its Articles 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, or impair the economic interest of the Holder, but will at all times in good faith assist in the carrying out of all the provisions hereof and in taking of all such actions and making all such adjustments as may be necessary or appropriate in order to protect the rights and the economic interests of the Holder against impairment.

4. Notice of Adjustments

(a) Upon the occurrence of each adjustment or readjustment pursuant to Section 3, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and provide notice to the Holder signed by the Company's Chief Financial Officer or Chief Executive Officer setting forth, in reasonable detail, the event requiring the adjustment or readjustment, the amount of the adjustment or readjustment, the method by which such adjustment or readjustment was calculated, and the number and class of Warrant Shares which may be purchased after giving effect to such adjustment or readjustment.

(b) If at any time the Company shall offer for subscription pro rata to the holders of Ordinary Shares (or other stock or securities at the time receivable upon the exercise of this Warrant) any additional shares of any class, other rights or any equity security of

any kind, or there shall be any public offering, capital reorganization or reclassification of the capital shares of the Company, or consolidation or merger of the Company with, or sale of all or substantially all of its assets to another company or there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company, or other transaction described in Section 3, then, in any one or more of said cases, the Company shall give the Holder prior written notice, by registered or certified mail, postage prepaid, of the date on which (i) a record shall be taken for such subscription rights or (ii) such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up or other transaction shall take place, as the case may be. Such notice shall also specify the date as of which the holders of record of Ordinary Shares (or other stock or securities at the time receivable upon the exercise of this Warrant) shall participate in such subscription rights, or shall be entitled to exchange their securities for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, etc. as the case may be. Such written notice shall be given at least fourteen (14) days prior to the action in question and not less than fourteen (14) days prior to the record date in respect thereto.

5. Representations, Warranties, and Covenants of the Company

The Company represents, warrants, and covenants to the Holders as follows:

(a) The Company represents that all corporate actions on the part of the Company, its officers, directors and shareholders necessary for the sale and issuance of this Warrant and the Warrant Shares and the performance of the Company's obligations hereunder were taken prior to and are effective as of the effective date of this Warrant.

(b) The execution and delivery of this Warrant are not, and the issuance of the Warrant Shares upon exercise of this Warrant in accordance with the terms hereof will not be, inconsistent with the Company's Articles, do not contravene any material law, governmental rule or regulation, judgment or order applicable to the Company, and, except for consents that have already been obtained by the Company, 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.

(c) The Company represents and covenants that at all times during the Exercise Period there shall be reserved for issuance and delivery upon exercise of this Warrant such number of Warrant Shares as is necessary for exercise in full of this Warrant and, from time to time, it will take all steps necessary to amend its Articles to provide sufficient reserves of Warrant Shares. All Warrant Shares issued pursuant to the exercise of this Warrant will, upon their issuance, be validly issued and outstanding, fully paid and nonassessable, free and clear of all liens and other encumbrances or restrictions on sale and free and clear of all preemptive rights, except restrictions arising (a) under applicable securities laws, (b) not by or through the Company, or (c) by agreement between the Company and the Holder or its successors.

6. Rights of Shareholders

(a) No holder of this Warrant shall be entitled, as a Warrant holder, to vote or receive dividends or be deemed the holder of the Warrant Shares or any other securities of the Company which may at any time be issuable on the exercise hereof for any purpose, nor

shall anything contained herein be construed to confer upon the holder of this Warrant, 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 give or withhold consent to any corporate action (whether upon any recapitalization, issuance of shares, reclassification of shares, change of par value, consolidation, merger, conveyance, or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised and the Warrant Shares purchasable upon the exercise hereof shall have become deliverable, as provided herein.

(b) Notwithstanding the provisions of Section 6(a) hereof, the Warrant Shares shall be deemed to have been issued in full to the Holder for the purpose of calculating the Holder's pro-rata share of the Company's issued and outstanding share capital under any rights offering by the Company, including pursuant to Article 29 (pre-emptive rights) of the Company's Articles.

7. Holder's Representations

The Holder's representation in Section 6.3 to the Agreement is hereby incorporated herein by reference and forms an integral part hereof binding as among the parties hereto.

8. Notices

All notices and other communications required or permitted hereunder shall be in writing and shall be effective (a) if mailed, seven (7) business days after mailing by registered or certified mail, (b) if sent by messenger, upon delivery, and (c) if sent via fax or e-mail, 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 to the Company shall be sent to the principal office of the Company (or at such other place as the Company shall notify the Holder hereof in writing). Notices to the Holder shall be sent to the address of the Holder in the Books of the Company (or at such other place as the Holder shall notify the Company in writing).

9. Loss, Theft, Destruction or Mutilation of Warrant

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of any Warrant or share certificate, and in case of loss, theft or destruction, of indemnity, or security reasonably satisfactory to it, and upon reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of such Warrant or share certificate, if mutilated, the Company will make and deliver a new Warrant or share certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or share certificate.

10. Miscellaneous

10.1 Amendments and Waivers

Any term of this Warrant may be amended and the observance of any term may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the Holder. Any amendment or waiver effected in accordance with this Section 10.1 shall be binding on the Holder, each future Holder and the Company.

10.2 Governing Law; Jurisdiction; Venue

This Warrant shall be governed by and construed under the laws of Israel, without regard to principles of conflict of laws. All controversies, claims or differences that may arise between the Parties hereto out of or in connection with this Agreement, shall be exclusively settled by the competent courts of Tel Aviv, Israel.

10.3 Successors and Assigns; Transfer

The terms and conditions of this Warrant shall inure to the benefit of and be binding on the respective successors and assigns of the parties. This Warrant may be transferred or assigned without the consent of the Company or other third parties pursuant to an Assignment in the form of Exhibit B hereto, provided that such assignment shall be subject to and made in accordance with the provisions of the Company's Articles applying to transfer of shares in the Company, including without limitations, the requirement of Board's approval provided under Article 44.1 of the Company's Articles,

IN WITNESS WHEREOF, the Company has executed this Warrant as of the date first written above.

We hereby agree to the foregoing terms of the Warrant:

Polypid Ltd.
By: Noam Emanuel
Title: CEO

/s/ Noam Emanuel	/s/ Anat Segal
	Xenia Venture Capital Ltd.
By: Noam Emanuel	Anat Segal
Title: CEO	CEO

Exhibit A

NOTICE OF EXERCISE

To: Polypid Ltd.

The undersigned hereby irrevocably elects to purchase Series A Preferred Shares of Polypid Ltd. issuable upon the exercise of the attached Warrant and requests that certificates for such shares be issued in the name of the undersigned and delivered to the address of the undersigned, at the address stated below and, if such number of shares shall not be all the shares that may be purchased pursuant to the attached Warrant, that a new Warrant evidencing the right to purchase the balance of such shares be registered in the name of, and delivered to, the undersigned at the address stated below.

Payment enclosed in the amount of NIS .

Dated: _____

Name of Holder of Warrant: _____
(please print)

Address: _____

Signature: _____

Exhibit B

ASSIGNMENT

For value received the undersigned sells, assigns and transfers to the transferee named below the attached Warrant, together with all right, title and interest, to hold by the transferee, subject to the terms and conditions under which we held the same immediately before the execution hereof, and does irrevocably constitute and appoint the corporate secretary or transfer agent of Polypid Ltd. (the "**Company**") as the undersigned's attorney-in-fact, to transfer such Warrant on the books of the Company, with full power of substitution in the premises, and I the transferee, do hereby agree to accept and take the attached Warrant subject to the conditions aforesaid.

Dated: _____

Name of Holder of Warrant: _____
(please print)

Address: _____

Signature: _____

Name of transferee: _____
(please print)

Address of transferee: _____

Exhibit 4.2

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAW, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT COVERING THIS WARRANT AND/OR SUCH SECURITIES, OR THE HOLDER RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THE WARRANT AND/OR SUCH SECURITIES SATISFACTORY TO THE COMPANY STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF THE SECURITIES ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE OR FOREIGN LAW.

POLYPID LTD.

WARRANT

To purchase
Series D-2 Preferred Shares (as defined below) (subject to adjustment hereunder) of
PolyPid Ltd. (the "**Company**")
at a per share price and subject to the terms detailed below
VOID AFTER 20:00 local Israel time
on the last day of the Warrant Period (as defined below)

THIS IS TO CERTIFY THAT (the "**Holder**"), is entitled to purchase from the Company, during the Warrant Period, an aggregate of up to Series D-2 Preferred Shares of the Company, nominal value NIS 0.10 per share (the "**Series D Preferred Shares**"), as may be adjusted hereunder, at a price per share of US$ 1.27 (as may be adjusted hereunder) (the "**Exercise Price**") (it being acknowledged that the amount of Series D-2 Preferred Shares that the Holder is entitled to purchase from the Company pursuant to this Warrant and the Exercise Price thereof, are subject to further adjustments in accordance herewith and in accordance with the provisions of the Articles of Association of the Company (as in effect from time to time) ("**Amended AOA**") and the provisions of the SPA).

Unless otherwise is specifically set forth herein, all capitalized terms used but not defined herein shall have the meanings ascribed to them in that certain Securities Purchase Agreement dated as of February , 2016 (the "**SPA**"), by and among the Company and the Investors (as such term is defined in the SPA).

1. EXERCISE OF WARRANT

1.1. Number of Warrant Shares.

1.1.1. In General. The number of Series D-2 Preferred Shares into which this Warrant may be exercised at any time (the "**Warrant Shares**") shall equal the aggregate number of Ordinary Shares of the Company, nominal value NIS 0.10 per share (the

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"**Ordinary Shares**") into which the Base Number (as defined below) may be converted, in accordance with the Amended AOA (the "**Conversion Ratio**"). For the avoidance of doubt, the Base Number, and (whether or not the Base Number is adjusted) the number of Warrant Shares, shall be subject to adjustment in accordance with the provisions hereof (including but not limited to Sections 1.2.5 and 4), the Amended AOA (principally, Article 9), and the provisions of the SPA.

1.1.2. As of Closing. The Company hereby represents and warrants that, as of the Closing: (a) the "**Base Number**" (which shall initially be the number of Warrant Shares which the Holder is to be granted the right to purchase, at the Closing, as reflected on the Capitalization Table attached to the SPA) is Series D-2 Preferred Shares, (b) the aggregate Base Number of Series D-2 Preferred Shares are convertible into an equal number of Ordinary Shares, and (c) the number of Warrant Shares is thus equal to Series D-2 Preferred Shares.

1.1.3. Adjustment Upon Trigger Event. Upon the occurrence of a Trigger Event, the Base Number shall automatically, and for no additional consideration, be increased (and, for the avoidance of doubt, in no event decreased) so that it equals the aggregate number of Warrant Shares as reflected in the "Trigger Event" column in the Capitalization Table attached to the SPA, and the Exercise Price under the Warrants shall be reduced to equal the Adjusted Investors' Conversion Price (as defined in the Amended AOA and as may be adjusted from time to time thereunder) of the Series D-2 Preferred Shares , so that the aggregate exercise price hereunder (i.e., US$) remains the same.

1.2. Exercise Price. Without derogating from, and in addition to, any other provision hereof (including but not limited to Section 4), the Exercise Price shall be, and shall be adjusted, as follows:

1.2.1. In General. Except in case of exercise of the Warrant at any time upon or following a Trigger Event, in which case, the provisions of Sections 1.1.3, 1.2.3, and 1.2.4 hereof will apply, the Exercise Price hereunder shall at all times equal 15% more than the Adjusted Investors' Conversion Price, as determined in accordance with the Amended AOA.

1.2.2. As of Closing. The Company hereby represents and warrants that, as of the Closing, (A) the Adjusted Investors' Conversion Price equals the Price Per Share under the SPA, *i.e.* US$1.1036, and (B) as such, the Exercise Price equals US$1.27 (*i.e.* the Price Per Share times 1.15).

1.2.3. Adjustments. Upon each adjustment to the Adjusted Investors' Conversion Price under the Amended AOA, the Exercise Price shall concurrently be reduced (and, for the avoidance of doubt, not increased) to equal (i) if prior to, and not in conjunction with, a Trigger Event, 15% more than the new Adjusted Investors' Conversion Price thereunder, and (ii) if upon or at any time following a Trigger Event, such Adjusted Investors' Conversion Price.

1.2.4. Increase of Warrant Shares. Upon each reduction to the Exercise Price, the number of Warrant Shares shall be correspondingly increased, with the intent that, as a result of such adjustments, the aggregate exercise price of this Warrant shall remain the same.

1.2.5. Exercise Upon Certain Transactions. If this Warrant is exercised in the context of an IPO (including, for the purposes of this Warrant, any other public offering) or a Deemed Liquidation (as such capitalized terms are defined in the Amended AOA), then, even if the exercise of this Warrant in such case shall be required to occur no later than immediately prior to the closing of such transaction, the Adjusted Investors' Conversion Price shall be deemed to be the Adjusted Investors' Conversion Price as it would have been adjusted in accordance with the Amended AOA upon an issuance by the Company of shares (in this clause, the "**Exit Shares**"), in each case as if such Exit Shares were issued by the Company prior to such transaction. In such event, the Exercise Price and the number of Warrant Shares shall be adjusted accordingly, as of immediately prior to such transaction.

1.3. Warrant Period. This Warrant may be exercised, subject to the terms and conditions hereof, in whole or in part, at one time or from time to time during the period commencing upon the Closing until the 4th anniversary of the Closing; provided, however, that if a Trigger Event occurs, then such period shall terminate upon the 5th anniversary of the Closing; provided further, however, that in the event of a Deemed Liquidation, this Warrant will expire immediately prior to the closing of the Deemed Liquidation, subject to such closing and the application of the terms hereof to such transaction, including but not limited to Section 1.2.5; provided further, however, that if such Deemed Liquidation is a transaction with a private company, then this Warrant shall expire upon the closing of such Deemed Liquidation, if so required by the acquiring entity, but only if the Investors receive their entire Series D Preference (as such capitalized terms are defined in the Amended AOA) in such transaction, in liquid proceeds (cash or publicly-tradable shares). The above period shall be referred to herein as the "**Warrant Period**".

1.4. Exercise for Cash. The Holder may elect to exercise this Warrant in whole or in part and from time to time during the Warrant Period, by presentation and surrender thereof to the Company at its principal office or at such other office or agency as it may designate from time to time, accompanied by:

1.4.1. A duly executed notice of exercise, in the form attached hereto as **Schedule 1.4.1** (the "**Exercise Notice**"); and

1.4.2. Payment to the Company, for the account of the Company, of the aggregate Exercise Price for the Warrant Shares being acquired upon such exercise, payable in immediately available funds by wire transfer to the Company's bank account.

1.5. Exercise on Net Issuance Basis. In lieu of payment to the Company as set forth in Section 1.4 above, the Holder may elect to convert this Warrant into the number of Warrant Shares calculated pursuant to the formula below, by presentation and surrender thereof to the Company at its principal office or at such other office or agency it may designate from time to time, accompanied by a duly executed notice of cashless exercise, in the form attached hereto as **Schedule 1.5** (the "**Net Issuance Notice**"):

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

Where:

X = the number of Warrant Shares to be issued to the Holder;

Y = the number of Warrant Shares otherwise purchasable upon exercise of this Warrant (or such lesser number of shares as Holder may designate in case of a partial exercise of this Warrant);

A = the fair market value of one Warrant Share (or of any securities into which Warrant Shares have been converted in accordance with the Company's organizational documents and applicable law) at the time the net issuance election under this Section 1.5 is made; and

B = the Exercise Price per Warrant Share.

For purposes hereof, the "**fair market value**" of one (1) Warrant Share as of a particular date shall be: (a) if applicable, the average of the closing bid and asked prices of Warrant Shares (or of any securities into which the Warrant Shares have been converted in accordance with the Company's organizational documents and applicable law) quoted in the over-the-counter market summary or the closing price quoted on any exchange on which the Warrant Share (or any securities into which the Warrant Shares have been converted in accordance with the Company's organizational documents and applicable law) is listed, whichever is applicable, for the five (5) trading days immediately prior to but not including the date of determination of fair market value; (b) if the exercise pursuant to this Section 1.5 is as of immediately prior to the consummation of an M&A Event (or other similar corporate transaction), then (without, for the avoidance of doubt, derogating from the adjustment provisions hereof) the fair market value of one (1) Warrant Share (or of any securities into which the Warrant Shares have been converted in accordance with the Company's governing documents, this Warrant, and applicable law) in such transaction (*i.e.* the price per share paid by the surviving or acquiring entity in such transaction, as set forth in Section 1.2.5 above). In the event that the price in the transaction is not in cash, then the applicable fair market value of the non-cash consideration shall be determined by the Company's auditors; (c) if the exercise pursuant to this Section 1.5 is immediately prior to the closing of an IPO of a corporate successor of the Company's equity interests, then the public offering price (before deduction of discounts, commissions or expenses) in such offering; or (d) if the Company's shares are not publicly traded or registered on any stock exchange at the time of exercise and clauses (b) and (c) are not applicable, then as determined by the Company's auditors.

For the avoidance of doubt, the Holder may effect partial exercise(s) of this Warrant pursuant to this Section 1.5. Any exercise under this Section 1.5 shall, for the avoidance of doubt, be for no further consideration by the Holder.

1.6. Issuance of Warrant Shares. Upon presentation and surrender of this Warrant, accompanied by (a) the duly executed Exercise Notice and the payment of the applicable aggregate Exercise Price pursuant to Section 1.4 above; or (b) the duly executed Net Issuance Notice pursuant to Section 1.5 above, as the case may be, the Company shall promptly (i) issue to the Holder the Warrant Shares to which the Holder is entitled; and (ii) deliver to the Holder the share certificate evidencing such Warrant Shares, and (iii) in any event, the Holder shall be deemed to be the holder of record of the Warrant Shares issuable upon such exercise,

notwithstanding that the share transfer books of the Company shall then be closed or that certificates representing such shares shall not then be actually delivered to the Holder.

1.7. Fractional Shares. No fractions of Warrant Shares shall be issued in connection with the exercise of this Warrant, and the number of shares issued shall be rounded to the nearest whole number.

1.8. Automatic Exercise. If this Warrant or any portion hereof is still outstanding on the final day of the Warrant Period, then if, at such time, the fair market value of a Warrant Share is more than the Exercise Price for such share, this Warrant shall be deemed automatically exercised by the Holder in full immediately prior to the conclusion of the Warrant Period, on a net issuance basis pursuant to Section 1.5 hereof.

1.9. Loss or Destruction of Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of reasonable expense reimbursement and indemnification, and upon surrender and cancellation of this Warrant, if mutilated, the Company will execute and deliver a new Warrant of like tenor and date.

1.10. Partial Exercise; Effective Date of Exercise. In case of any partial exercise of this Warrant, the Company shall cancel this Warrant upon surrender hereof and shall execute and deliver a new Warrant of like tenor and date for the balance of the Warrant Shares purchasable hereunder. This Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of its surrender for exercise as provided above. The person entitled to receive the Warrant Shares shall be treated for all purposes as the holder of record of such shares as of the close of business on the date the Holder is deemed to have exercised this Warrant.

1.11. Conditional Exercise. If this Warrant is exercised in the context of an IPO or Deemed Liquidation, then such exercise shall be deemed conditional on the closing of such transaction, and for the avoidance of doubt, if such transaction does not close, then this Warrant shall not be considered exercised at such time (unless the Holder explicitly notifies the Company otherwise).

1.12. Right to Exercise into Ordinary Shares. The Holder shall have the right, at its sole discretion, to exercise this Warrant into the number of Ordinary Shares into which the Warrant Shares otherwise purchasable hereunder could be converted at such time in accordance with the provisions of the Amended AOA (as in effect from time to time). If at any time the entire class of Series D-2 Preferred Shares is converted into Ordinary Shares or another class of shares pursuant to the provisions of the Amended AOA, then this Warrant shall automatically be deemed to be exercisable for such number of Ordinary Shares or shares of such other class, into which the Warrant Shares would have been converted had the Warrant Shares been issued and outstanding on the date of such conversion, and the Exercise Price shall equal the Exercise Price in effect as of immediately prior to such conversion divided by the number of Ordinary Shares or shares of such other class into which one Warrant Share would have been converted, all subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.

2. TAXES

2.1. The Holder acknowledges that the grant of the Warrant, the issue of the Warrant Shares and the execution and/or performance of this Warrant may have tax consequences to the Holder.

2.2. The Company shall pay all of the applicable taxes and other charges payable by the Company in connection with the issuance of the Warrant Shares and the preparation and delivery of share certificates pursuant to Section 1 in the name of the Holder, if any, but shall not pay any taxes payable by the Holder by virtue of the holding, issuance, exercise or sale of this Warrant or the Warrant Shares by the Holder, which shall be the obligation of the Holder.

2.3. The Company shall withhold taxes, if and as required according to the requirements under the applicable laws, rules, and regulations for withholding taxes at source, *provided that* the Company shall inform the Holder of such withholding requirement at least 5 (five) business days prior to such anticipated withholding, so as to allow the Holder to obtain and provide the Company with an appropriate certificate of exemption, if available. No withholding shall be made if an exemption, satisfactory to the Company, is obtained and delivered to the Company, for as long as it is valid in accordance with applicable law. Holder shall indemnify the Company, its shareholders, directors and/or officers, as applicable, and hold them harmless from and against any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Holder, *provided that* they acted in due care.

3. RESERVATION OF SHARES; PRESERVATION OF RIGHTS OF HOLDER

3.1. Reservation of Shares. The Company hereby agrees that, at all times prior to the expiration or exercise of this Warrant, it will maintain and reserve, free from pre-emptive or similar rights, (a) such number of authorized but unissued Series D-2 Preferred Shares, and (b) such number of Ordinary Shares into which such Series D-2 Preferred Shares shall, at any time, be convertible, so that this Warrant may be exercised into Series D-2 Preferred Shares and/or (at the Holder's discretion, or in case of automatic conversion pursuant to the Articles) into Ordinary Shares, without additional authorization of shares.

3.2. Preservation of Rights. Subject to the provisions of Section 8.1 below, the Company will not, by amendment of its organizational documents or through reorganization, recapitalization, consolidation, merger, dissolution, transfer of assets, issue or sale of securities or any other voluntary act, avoid or seek

to avoid the observance or performance of any of the covenants, stipulations, conditions or terms to be observed or performed hereunder, but will at all times in good faith assist in the carrying out of all the provisions hereof and in the taking of all such actions and making all such adjustments as may be necessary or appropriate in order to fulfill the provisions hereof.

4. ADJUSTMENT

4.1. In addition to, and without derogating from, the other provisions hereof, the Amended AOA and the SPA, the number of Warrant Shares purchasable upon the exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time or upon exercise, as follows:

4.1.1. Bonus Shares. In the event that during the Warrant Period the Company shall declare or distribute to all of its shareholders, and/or to the holders of Warrant Shares, bonus shares or other securities or non-cash property (except for any securities distributed as dividends) (in this Section, "bonus shares"), then this Warrant shall represent the right to acquire, in addition to the number of Warrant Shares into which it was exercisable as of immediately prior to such event, the amount of such bonus shares that are distributed to all shareholders of the Company, and/or to the holders of Warrant Shares, without payment of any additional consideration therefor, to which the Holder would have been entitled had this Warrant been exercised prior to the issuance of the bonus shares.

4.1.2. Consolidation and Division. In the event that during the Warrant Period the Company consolidates its entire share capital and/or the class of shares representing the Warrant Shares into shares of greater par value, or subdivides them into shares of lesser par value, then the number of Warrant Shares to be allotted on exercise of this Warrant after such consolidation or subdivision shall be reduced or increased accordingly, as the case may be, and in each case the Exercise Price shall be adjusted appropriately such that the aggregate consideration hereunder to the Company shall not change.

4.1.3. Capital Reorganization. In the event that during the Warrant Period a reorganization of the share capital of the Company is effected (other than as provided for elsewhere in this Section 4), including any recapitalization, reclassification or similar event resulting in a change of the Series D-2 Preferred Shares and/or number of the Series D-2 Preferred Shares and/or the Ordinary Shares into a different number of shares of the same class or any other class or classes of shares, then, as part of such transaction, provision shall be made so that the Holder shall be entitled to purchase, upon exercise of this Warrant, such kind and number of shares or other securities of the Company to which the Holder would have been entitled had this Warrant been exercised immediately prior to such transaction. In such case the Exercise Price shall be adjusted appropriately such that the aggregate consideration hereunder to the Company shall not change.

4.2. Certificate of Adjustment. Whenever an adjustment is effected under this Warrant, the Company shall promptly compute such adjustment and deliver to the Holder a certificate setting forth the number of Warrant Shares (or any other securities) for which this Warrant is exercisable and the Exercise Price as a result of such adjustment, a brief statement of the facts requiring such adjustment and the computation thereof and when such adjustment has or will become effective.

4.3. Parallel Adjustments. For the avoidance of any doubt, it is the intention of the parties that any adjustments made to the exercise price and the number of warrant shares purchasable pursuant to the warrants granted by the Company to the Investors under the SPA, shall also be made to the Exercise Price and the number of Warrant Shares purchasable hereunder even if the Holder did not actually invest funds under the SPA.

***5.* NOTICE OF CERTAIN EVENTS**

5.1. If at any time during the Warrant Period, any of the Notice Events set forth in Section 5.2 below shall occur, then, in any one or more of such events, the Company shall deliver to the Holder written notice thereof, including the date on which (a) a record shall be taken in

connection with such event (if applicable); and (b) such event is to be consummated. Such written notice shall be delivered to the Holder at least fourteen (14) days prior to the consummation of the applicable event and not less than fourteen (14) days prior to the record date in respect thereof.

5.2. For the purposes hereof, a "**Notice Event**" shall mean any of the following: (i) an IPO by the Company or a corporate successor of its equity interests; or (ii) a Liquidation (as defined in the Amended AOA) or Deemed Liquidation, or (iii) the date on which the Company shall distribute a cash or other dividend.

5.3. Notwithstanding the aforementioned, in the event that any notice pursuant to Section 5.1 shall lawfully be delivered by the Company to its shareholders within a shorter period, then such shorter period shall apply and the notice above shall be required to be delivered contemporaneously to the Holder with the delivery of such notice by the Company to its shareholders.

6. RIGHTS OF THE HOLDER

6.1. No Current Rights as Shareholder. This Warrant shall not entitle the Holder, by virtue hereof, to any voting rights or other rights as a shareholder of the Company, except for the rights expressly set forth herein.

6.2. Certain Restrictions. The Holder acknowledges that the Warrant Shares shall be subject to certain rights, privileges, restrictions and limitations as set forth in this Warrant, and the Amended AOA (as in effect from time to time).

6.3. Registration Rights. All Warrant Shares which are, at any time, issuable upon exercise of this Warrant, and all and Ordinary Shares which are, at any time, issuable upon exercise hereof and/or conversion of the Warrant Shares, shall be "Registrable Securities" pursuant to the Investors' Rights Agreement, dated on even date herewith, by and among the Company, the Holder, the other Investors and the other parties named therein (the "**Investors' Rights Agreement**"), and shall be entitled, subject to the terms and conditions of the Investors' Rights Agreement, as an Investor thereunder, to all registration rights granted to holders of Registrable Securities thereunder.

6.4. Conversion of Series D-2 Preferred Shares. In the event that the entire class of Series D-2 Preferred Shares is converted into Ordinary Shares in accordance with the terms of the Amended AOA, this Warrant shall become exercisable for Ordinary Shares.

6.5. Lockup. The Holder understands that in the event of any registration of the Company's shares on any stock exchange, the underwriters may request, or it may be required under applicable law and/or by any governmental authority, that the Warrant Shares shall be subject to a lock up period of up to 180 days. If, in connection with an IPO, the underwriter will request the shareholders of the Company and the Holder of this Warrant to be subject to a lock-up period of up to 180 days, (a) the Holder shall not be allowed to sell or transfer any of the Warrant Shares, provided that in any case, any "lock-up" restrictions applicable to this Warrant and/or the Warrant Shares which may be acquired hereunder, shall terminate no later than upon the end of the "lock-up" period applicable to the Investors Shares (or the Ordinary Shares into which they may be converted) in such registration; and (b) the Holder shall sign a customary lock up agreement as required by the underwriter or the Company with respect to the lock up restriction specified in this Section 6.5.

7. REPRESENTATIONS OF THE COMPANY

The Company represents and warrants to the Holder as follows: (i) 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; (ii) the Warrant Shares (and the Ordinary Shares into which such Warrant Shares are convertible) are duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid (subject to the full payment of the exercise price, or valid net issuance exercise, by the Holder) and non-assessable and not subject to any third party rights or liens, except as set forth in the Amended AOA and any agreement entered into between the Company and the holders of Preferred D-1 Shares; and (iii) the execution and delivery of this Warrant are not, and the issuance of the Warrant Shares upon exercise of this Warrant in accordance with the terms hereof and the issuance of the Ordinary Shares into which such Warrant Shares are convertible in accordance with the terms hereof and the Amended AOA (as in effect from time to time), will not be, inconsistent with the Company's governing documents, do not and will not conflict with or contravene with all applicable laws and will be issued in compliance with all applicable laws, 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 with or the taking of any action in respect of or by, any government authority or agency or other person, other than those consents or approvals that shall have been previously obtained and reports of issuance to the Israeli Registrar of Companies and to OCS (if applicable).

8. MISCELLANEOUS

8.1. Entire Agreement; Amendment. This Warrant, and the provisions of the SPA and the Amended AOA relating hereto, set forth the entire understanding of the parties with respect to the subject matter hereof and supersedes all existing agreements among them concerning such subject matter. All section headings herein are inserted for convenience only and shall not modify or affect the construction or interpretation of any provision of this Warrant. No modification or amendment of this Warrant will be valid unless executed in writing by the Company and the Holder; *provided however* that in the event that the Majority Investors (as defined in the Amended AOA) agree with the Company to make an amendment which will apply to the Warrants granted pursuant to the SPA, then this Warrant shall be amended in accordance with such amendment, without the need for further action or approval on the part of the Holder.

8.2. Waiver. No failure or delay on the part of any of the parties in exercising any right, power or privilege hereunder and/or under any applicable laws or the exercise of such right or power in a manner inconsistent with the provisions of this Warrant or applicable law shall operate as a waiver thereof. Any waiver must be evidenced in writing signed by the party against whom the waiver is sought to be enforced.

8.3. Successors and Assigns. Except as otherwise expressly limited herein, this Warrant shall inure to the benefit of, be binding upon, and be enforceable by the Holder and its respective successors, and administrators.

8.4. Assignment. This Warrant and all rights hereunder are transferable by the Holder, subject to compliance with applicable securities laws and the Amended AOA, provided that the assignee will sign and provide to the Company an undertaking to be bound by all of the terms of this Warrant. Without derogating from the foregoing it is clarified that the Holder may transfer this Warrant to its Permitted Transferees under the Amended AOA. Within a

reasonable time after the Company's receipt of an executed Assignment Form in the form attached hereto as Schedule 8.4, the transfer shall be recorded on the books of the Company upon the surrender of this Warrant, properly endorsed, to the Company at its principal offices. In the event of a transfer hereunder which is only a partial transfer hereof, the Company shall issue to the holders one or more appropriate new warrants in accordance with the provisions of Section 1.10.

8.5. Governing Law. This Warrant shall be exclusively governed and construed in accordance with the laws of the State of Israel, without regard to conflicts of laws provisions thereof.

8.6. Jurisdiction. The competent courts in Tel Aviv shall have sole and exclusive jurisdiction over all matters relating to this Agreement.

8.7. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) when sent by facsimile or email with confirmation of transmission if sent during normal business hours of the recipient, if not, then on the next business day; (c) ten (10) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) two business days after deposit with an internationally-recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent out as set forth in the SPA or as otherwise notified by the parties.

8.8. Severability. In the event one or more of the provisions of this Warrant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Warrant, which shall remain enforceable, to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Warrant (including, without limitation, the portion of this Warrant containing any provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

8.9. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.10. Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

8.11. Preamble. The preamble hereto is an integral part hereof.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, PolyPid Ltd. has caused this Warrant to be executed by its officer thereunto duly authorized.

Dated: _____

POLYPID LTD.

By: _____
Name: _____
Title: _____

AGREED AND ACCEPTED:

_____

By: _____
Name: _____
Title: _____

Schedule 1.4.1

Exercise Notice

Date:

To: PolyPid Ltd. (the "**Company**")

The undersigned, pursuant to the provisions set forth in the Warrant to which this Exercise Notice is attached (the "**Warrant**"), hereby elects to purchase Series D-2 Preferred Shares of the Company pursuant to Section 1.4 of the Warrant, and herewith makes payment of US$, representing the full Exercise Price for such shares in accordance with the Warrant. The undersigned makes again here, with respect to the securities it is acquiring upon the exercise of the Warrant as contemplated hereby, the same representations, warranties and acknowledgements for the benefit of the Company, as it made in the Warrant.

Please issue a certificate representing the Warrant Shares in the name of the undersigned or as otherwise indicated below and deliver it to the address stated below, and if the number of Warrant Shares shall not be all the Warrant Shares purchasable upon exercise of the Warrant, then please also issue a new Warrant for the balance of the Warrant Shares purchasable upon exercise of this Warrant in the name of the undersigned or as otherwise indicated below and deliver it to the address stated below:

Name:

Address:

ID / Social Security No./ company number:

Signature: _____

Schedule 1.5

Net Issuance Notice

Date:

To: PolyPid Ltd. (the "**Company**")

The undersigned, pursuant to the provisions set forth in the Warrant to which this Exercise Notice is attached (the "**Warrant**"), hereby elects to exercise the Warrant, for no additional consideration, for the purchase of Series D-2 Preferred Shares of the Company, pursuant to the provisions of Section 1.5 of the Warrant (net issuance).

The undersigned makes again here, with respect to the securities it is receiving upon the exercise of the Warrant as contemplated hereby, the same representations, warranties and acknowledgements for the benefit of the Company, as it made in the Warrant.

Please issue a certificate representing the Warrant Shares in the name of the undersigned or as otherwise indicated below and deliver it to the address stated below, and if the number of Warrant Shares shall not be all the Warrant Shares purchasable upon exercise of the Warrant in its entirety via net issuance, then please also issue a new Warrant for the balance of the Warrant Shares purchasable upon exercise of this Warrant in the name of the undersigned or as otherwise indicated below and deliver it to the address stated below:

Name:

Address:

ID / Social Security No./ company number:

Signature: _____

Schedule 8.4

Assignment Form

(To assign the foregoing Warrant to purchase shares of PolyPid Ltd., execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to the undersigned transferee, who will assume all obligations of the Holder under the Warrant and under the SPA and all of the schedules and exhibits attached thereto and contemplated thereby:

Name: _____
(Please Print)

Address: _____
(Please Print)

Dated: _____

Holder's
Signature: _____

Holder's
Address: _____

Transferee's
signature: _____

Transferee's
address: _____

Exhibit 10.1

POLYPID LTD.

(the "***Company***")

DIRECTOR AND OFFICER INDEMNITY AND EXCULPATION AGREEMENT

THIS AGREEMENT, dated as of , is between PolyPid Ltd., a company incorporated under the laws of the State of Israel (the "***Company***"), and , a director or officer of the Company (the "***Indemnitee***").

WHEREAS, the Indemnitee is an Officer (as defined below) of the Company;

WHEREAS, both the Company and the Indemnitee recognize the increased risk of litigation, investigations and other claims being asserted against Officers of a publically traded company;

WHEREAS, the Articles of Association of the Company (the "***Articles of Association***") authorize the Company to indemnify Officers to the greatest extent permitted by law;

WHEREAS, in recognition of the Indemnitee's need for substantial protection against personal liability in order to assure the Indemnitee's continued service to the Company in an effective manner and the Indemnitee's reliance on the aforesaid Articles of Association and, in part, to provide the Indemnitee with specific contractual assurance that the protection promised by the Articles of Association will be available to the Indemnitee (regardless of, among other things, any amendment thereto or revocation thereof or any change in the composition of the Company's Board of Directors (the "***Board of Directors***") or the Company's management, or any acquisition of the Company), the Company wishes to provide in this Agreement for the indemnification of and the advancing of Expenses (as defined below) (whether partial or complete) to the Indemnitee to the fullest extent permitted by law and as set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and intending to be legally bound hereby, the parties hereto agree

1. **Certain Definitions.**

1.1. "***Change of Control***" means any merger or consolidation of the Company with or into another entity, other corporate reorganization, sale of control, or any transaction in which all or substantially all of the assets or shares of the Company are sold.

1.2. "***Companies Law***" means the Israeli Companies Law, 5759-1999, as amended.

1.3. "***Expenses***" includes any reasonable costs of litigation, including attorney's fees, expended by the Indemnitee or for which the Indemnitee has been charged by a court. Expenses shall also include, without limitation and to the fullest extent permitted by applicable law, all expenses reasonably incurred in defending any claim (including investigation and pre-litigation negotiations), being a witness in or participating in (including on appeal), or preparing to defend, being a witness in or participate in any claim relating to any Indemnifiable Event (as defined below) and any security or bond that the Indemnitee may be required to post in connection with an Indemnifiable Event.

1.4. "***Officer"*** means "*Office Holder*" as such term is defined in the Companies Law.

1.5. "***Securities Law***" means the Israeli Securities Law, 5728-1968, as amended.

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2. **Indemnification and Advance of Expenses.**

2.1. The Company hereby undertakes to indemnify the Indemnitee to the fullest extent permitted by applicable law, for any liability and Expense that may be imposed on the Indemnitee due to an act performed or failure to act by him, prior or after the date hereof, in his capacity as an Officer of the Company or any subsidiary of the Company or any entity in which the Indemnitee serves as an Officer at the request of the Company either prior to or after the date hereof for (the following shall be hereinafter referred to as "***Indemnifiable Events***"):

2.1.1. monetary liability imposed on the Indemnitee in favor of a third party in a court judgment (which third parties include, without limitation and to the fullest extent permitted by applicable law, any governmental entity), including a settlement or an arbitral award confirmed by a court; and

2.1.2. reasonable costs of litigation, including attorney's fees, expended by the Indemnitee as a result of an investigation or proceeding instituted against the Indemnitee by a competent authority, provided that such investigation or proceeding (i) is concluded without the filing of an indictment against the Indemnitee (as defined in the Companies Law) or the imposition of any financial liability in lieu of criminal proceedings (as defined in the Companies Law), or (ii) is concluded without the filing of an indictment against the Indemnitee and a financial liability was imposed on the Indemnitee in lieu of criminal proceedings with respect to a criminal offense in which a proof of criminal intent is not required, or (iii) is in connection with a monetary sanction pursuant to the Companies Law or the Securities Law; and

2.1.3. reasonable costs of litigation, including attorney's fees, expended by the Indemnitee or for which the Indemnitee has been charged by a court, (a) in an action brought against the Indemnitee by or on behalf of the Company or a third party, or (b) in a criminal action in which the Indemnitee was found innocent, or (c) in a criminal offense in which the Indemnitee was convicted and in which a proof of criminal intent is not required; and

2.1.4. 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

2.1.5. any other circumstances arising under Israeli law in respect of which the Company may indemnify an Officer of the Company.

2.2. The indemnification undertaking made by the Company pursuant to Section 2.1 above shall be only with respect to such events as are described in Schedule A attached hereto and additional events that the Board of Directors determines from time to time are reasonable under the circumstances, at least to the maximum amount payable under the Company's D&O Insurance (as defined below).

2.3. Subject to applicable law and to the other provisions of this Agreement, if so requested by the Indemnitee, the Company shall advance an amount (or amounts) estimated by the Company to cover the Indemnitee's reasonable litigation expenses with respect to which the Indemnitee is entitled to be indemnified under Sections 2.1 and 2.2 above, subject to Section 3, 4 and 5 below. The Company will also make available to the Indemnitee any security or guarantee that may be required to post in accordance with an interim decision given by a court or an arbitrator in proceedings with respect to which the Indemnitee is entitled to be indemnified under Sections 2.1 and 2.2 above, subject to Section 3, 4 and 5 below, including for the purpose of substituting liens imposed on the Indemnitee's assets.

2.4. The Company's obligation to indemnify the Indemnitee and advance expenses in accordance with this Agreement shall be for such period as the Indemnitee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding or any inquiry or investigation, whether civil, criminal or investigative, arising out of the Indemnitee's

service in the foregoing positions, whether or not the Indemnitee is still serving in such positions.

2.5. All amounts paid as indemnification pursuant hereto will be grossed-up to cover any tax payments the Indemnitee may be required to make if the indemnification payments are taxable to the Indemnitee.

3. **Insurance**

3.1. As long as the Indemnitee continues to serve as an Officer, the Company shall procure directors' and officers' liability insurance (which shall include without limitation provisions according to which the insurance shall continue to be in effect following the cessation of the Indemnitee's position in the Company with respect to events that occurred prior to such cessation) to the fullest extent permitted by law ("***D&O Insurance***"), in such amount (per claim and per period) as the Company shall deem appropriate and in accordance to the provisions of the Companies Law.

3.2. Indemnitee shall be covered by the D&O Insurance and by any other insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Company, in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies.

3.3. At the time of the receipt by the Company of a notice of a claim pursuant to Section 8 hereof, the Company shall give prompt notice of the commencement of such Proceeding to the D&O Insurance insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all reasonably necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such action, suit, proceeding, inquiry or investigation in accordance with the terms of such policies.

3.4. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise, except for the difference, if any, between the amounts actually received by the Indemnitee as aforesaid and the total Expenses incurred by Indemnitee in connection therewith. Notwithstanding anything to the contrary stated in this Agreement , the Company hereby acknowledges that Indemnitee has or may have certain rights to indemnification, advancement of expenses and/or insurance provided by third parties not solely by virtue of Indemnitee's relationships with the Company ("Third Party Indemnitors") and the Company hereby agrees (a) that the Company shall be the indemnitor of first resort for Indemnifiable Events under this Agreement (i.e., its obligations to Indemnitee under this Agreement are primary to any obligation of the Third Party Indemnitors), and (b) that the Company irrevocably waives, relinquishes and releases any claims against any Third Party Indemnitor for contribution, subrogation or any other recovery of any kind in respect of the subject matters of this Agreement. The Company and Indemnitee agree that the Third Party Indemnitors are express third party beneficiaries of the terms of this Section 3.4.

4. **General Limitations on Indemnification.**

4.1. Notwithstanding anything to the contrary in this Agreement, the Company shall not indemnify or advance Expenses to Indemnitee: (i) with respect to a counterclaim made by the Company or in its name in connection with a claim against the Company filed by the Indemnitee; or (ii) if, when and to the extent that the Indemnitee would not be permitted to be

so indemnified under Israeli law. The Company shall be entitled to be reimbursed by the Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid (unless the Indemnitee has commenced legal proceedings in a court of competent jurisdiction to secure a determination that the Indemnitee should be indemnified under applicable law, in which event the Indemnitee shall not be required to so reimburse the Company until a final judicial determination is made with respect thereto as to which all rights of appeal therefrom have been exhausted or lapsed) and shall not be obligated to indemnify or advance any additional amounts to the Indemnitee (unless there has been a determination by a court of competent jurisdiction that the Indemnitee would be permitted to be so indemnified under this Agreement).

4.2. Advances of expenses given to cover litigation expenses in accordance with Section 2.3 above will be repaid by Indemnitee to the Company if such investigation or proceeding has ended in a financial liability imposed in lieu of a criminal proceeding for a crime which requires a finding of criminal intent or if Indemnitee is found guilty of a crime that requires proof of criminal intent, within thirty (30) days of the court's final decision as to which all rights of appeal therefrom have been exhausted or lapsed. Other advances will be repaid by Indemnitee to the Company within thirty (30) days from a final determination by a court as to which all rights of appeal therefrom have been exhausted or lapsed that Indemnitee is not entitled to such indemnification.

4.3. The Company undertakes that in the event of a Change in Control, the Company's obligations under this Agreement shall continue to be in effect following such Change in Control, and the Company shall take all necessary actions to ensure that the party acquiring control of the Company shall independently undertake to continue in effect this Agreement, to maintain the provisions of the Articles of Association allowing indemnification and to indemnify the Indemnitee in the event that the Company shall not have sufficient funds or otherwise shall not be able to fulfill its obligations hereunder.

5. **Subrogation.** In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

6. **Reimbursement.** The Company shall not be liable under this Agreement to make any payment in connection with any claim made against the Indemnitee to the extent the Indemnitee has otherwise actually received payment (under any insurance policy of the Company or otherwise) of the amounts otherwise indemnifiable hereunder, other than for indemnifiable amounts which are in excess of the amounts actually paid to the Indemnitee pursuant to any such insurance policy or otherwise. Any amounts paid to the Indemnitee under such insurance policy or otherwise after the Company has indemnified the Indemnitee for such liability or Expense shall be repaid to the Company promptly upon receipt by the Indemnitee.

7. **Effectiveness.** This agreement shall be in full force and effect as of the date hereof.

8. **Notification and Defense of Claim.** Promptly after receipt by the Indemnitee of (i) any summons, citation, subpoena, complaint, indictment, other document or information relating to any proceeding or matter which may be subject to indemnification hereunder or (ii) notice of the commencement of any investigation, action, suit or proceeding, the Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement hereof; provided that failure to notify the Company as aforesaid will not relieve the Company of its indemnification obligations pursuant hereto

except to the extent that it has been actually and materially prejudiced as a result of such failure and provided further that the omission so to notify the Company will not relieve it from any liability which it may have to the Indemnitee otherwise than under this Agreement. With respect to any such investigation, action, suit or proceeding as to which the Indemnitee notifies the Company of the commencement thereof and without derogating from Section 2.1:

8.1. The Company will be entitled to participate therein at its own expense; and

8.2. Except as otherwise provided below, to the extent that it may wish, the Company will be entitled to assume the defense thereof, with counsel selected by the Company, which counsel is reasonably reputable with experience in the relevant field and reasonably satisfactory to the Indemnitee. After notice from the Company to the Indemnitee of its election to assume the defense thereof, the Company will not be liable to the Indemnitee under this Agreement for any legal or other expenses subsequently incurred by the Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. The Indemnitee shall have the right to employ his or her own counsel in such action, suit or proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of the Indemnitee, unless: (i) the employment of counsel by the Indemnitee has been authorized in writing by the Company; (ii) the Indemnitee shall have, based on a legal advice of counsel, concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of the defense of such action; or (iii) the Company shall not in fact have employed counsel to assume the defense of such action, within a reasonable time, in each of which cases the fees and expenses of counsel shall be at the expense of the Company. The Company shall not be entitled to assume the defense of any action, suit or proceeding brought by or on behalf of the Company or as to which the Indemnitee shall have reached the conclusion specified in (ii) above.

8.3. The Company shall not be liable to indemnify the Indemnitee under this Agreement for any amounts paid in settlement of any action or claim effected without its prior written consent. The Company shall have the right to conduct the defense as it sees fit in its sole discretion (provided that the Company shall conduct the defense in good faith and in a diligent manner), including the right to settle or compromise any claim or to consent to the entry of any judgment against Indemnitee, provided that the Company shall not settle any action or claim in any manner that would impose any penalty or limitation on the Indemnitee without the Indemnitee's prior written consent. However, in the case of civil proceedings, the Indemnitee's consent shall not be required if (i) the settlement includes a complete release of Indemnitee, (ii) does not contain any admission of wrong-doing by Indemnitee, and (iii) includes monetary sanctions (without any admission of wrong-doing by Indemnitee) only up to the amount indemnifiable under this Agreement. In the case of criminal proceedings, the Company and/or its legal counsel will not have the right to plead guilty or agree to a plea-bargain in the Indemnitee's name without the Indemnitee's prior written consent. Neither the Company nor the Indemnitee will unreasonably withhold its consent to any proposed settlement.

8.4. Without derogating of any of the Indemnitee's rights and obligations, the Indemnitee shall use its reasonable efforts to advise the Company concerning all events which the Indemnitee is aware of and that the Indemnitee reasonably suspects would give rise to the initiation of legal proceedings against the Indemnitee in his capacity as an Officer of the Company.

8.5. Indemnitee shall fully cooperate with the Company and shall give the Company all information and access to documents, files and to his advisors and representatives as shall

be within Indemnitee's power, in every reasonable way as may be required by the Company with respect to any claim which is the subject matter of this Agreement and in the defense of other claims asserted against the Company (other than claims asserted by Indemnitee), provided that the Company shall cover all reasonable expenses, costs and fees incidental thereto such that the Indemnitee will not be required to pay or bear such expenses, costs and fees. In addition, at the request of the Company, the Indemnitee shall execute all documents reasonably required to enable the Company or its attorney as aforesaid to conduct the defense in the Indemnitee's name, and to represent the Indemnitee in all matters connected therewith, in accordance with the aforesaid, provided that the Company shall cover all costs incidental thereto such that Indemnitee will not be required to pay the same or to finance the same himself.

9. **Exculpation.** The Company hereby exempts the Indemnitee, to the fullest extent permitted by law, from any liability for damages caused as a result of the Indemnitee's breach of the duty of care to the Company while acting in good faith and having reasonable cause to assume that such act or omission would not prejudice the interests of the Company, provided that the Indemnitee shall not be exempt with respect to any action or omission as to which, under applicable law, the Company is not entitled to exculpate the Indemnitee**.**

10. **Non-Exclusivity.** The rights of the Indemnitee hereunder shall not be deemed exclusive of any other rights the Indemnitee may have under the Company's Articles of Association, as amended from time to time, or applicable law or otherwise, and to the extent that during the indemnification period the rights of the then existing Officers are more favorable to such Officers than the rights provided thereunder or under this Agreement to the Indemnitee, the Indemnitee shall be entitled to the full benefits of such more favorable rights.

11. **Partial Indemnification.** If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the financial liability and/or Expenses actually incurred by Indemnitee in connection with any proceedings, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such financial liability and/or Expenses to which Indemnitee is entitled under any provision of this Agreement. Subject to the provisions of Section 6 above, any amount received by Indemnitee (under any insurance policy or otherwise) shall not reduce the amount indemnifiable under this Agreement and shall not derogate from the Company's obligation to indemnify the Indemnitee in accordance with the provisions of this Agreement up to the amount indemnifiable, as set forth in Section 2.2.

12. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company, spouses, heirs and personal and legal representatives. This Agreement shall continue in effect regardless of whether the Indemnitee continues to serve as an Officer of the Company or of any other enterprise at the Company's request, provided that the claim for indemnification relates to an Indemnifiable Event. This Agreement is being executed by the Company pursuant to the resolutions adopted by the Board of Directors on **January [ ], 2018**, and by the shareholders of the Company on **[ ], 2018**. The Board of Directors has determined, based on the current activity of the Company, that the amount stated in Section 2.2 is reasonable and that the events qualifying as Indemnifiable Event are reasonably anticipated.

13. **No Modification; No Waiver**. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any

other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver. Any waiver shall be in writing.

14. **Notice.** All notices and other communications pursuant to this Agreement shall be in writing and shall be deemed provided if delivered personally, sent by email, reputable overnight courier or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the addresses shown in the preamble to this Agreement, or to such other address as the party to whom notice is to be given may have furnished to the other party hereto in writing in accordance herewith. Any such notice or communication shall be deemed to have been delivered and received (i) in the case of personal delivery, on the date of such delivery, (ii) in the case of email, one business day after the date of transmission if confirmation of receipt is received, (iii) in the case of a reputable overnight courier, three business days after deposit with such reputable overnight courier service, and (iv) in the case of mailing, on the seventh business day following that on which the mail containing such communication is posted.

15. **Severability.** The provisions of this Agreement shall be severable in the event that any provision hereof (including any provision within a single section, paragraph or sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law.

16. **Governing Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Israel, without giving effect to the conflicts of law provisions of those laws. The Company and Indemnitee each hereby irrevocably consent to the sole and exclusive jurisdiction and venue of the courts of Tel Aviv - Yaffo, Israel for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement.

17. **Entire Agreement; Termination.** This Agreement represents the entire agreement between the parties and supersedes any other agreements, contracts or understandings between the parties, whether written or oral, with respect to the subject matter of this Agreement, including, without limitation any previous Indemnification Agreement (if any) entered into by the Company and the Indemnitee. No supplement, modification, amendment, termination or cancellation of this Agreement shall be effective unless in writing and signed by both parties hereto.

18. **Assignment; No Third Party Rights.** Neither party hereto may assign any of its rights or obligations hereunder except with the express prior written consent of the other party. Nothing herein shall be deemed to create or imply an obligation for the benefit of a third party. Without limitation of the foregoing, nothing herein shall be deemed to create any right of any insurer that provides directors' and officers' liability insurance, to claim, on behalf of Indemnitee, any rights hereunder.

19. **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; it being understood that parties need not sign the same counterpart. The exchange of an executed Agreement (in counterparts or otherwise) by facsimile or by electronic delivery in PDF (Portable Document Format) shall have the same force and effect as the delivery of original signatures and shall be sufficient to bind the parties to the terms and conditions of this Agreement, as an original.

20. **Headings; Gender.** The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the

construction thereof. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate.

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IN WITNESS WHEREOF, the parties, each acting under due and proper authority, have executed this Indemnification Agreement as of the date first mentioned above, in one or more counterparts.

POLYPID LTD.	**INDEMNITEE**
By: _____	By: _____
Title: _____	Title: _____

Schedule A

1. Negotiations, execution, delivery and performance of agreements on behalf of the Company, whether written or oral.

2. Anti-competitive acts and acts of commercial wrongdoing.

3. Acts in regard to invasion of privacy including with respect to databases and acts in regard of slander.

4. Acts in regard to copyrights, patents, designs and any other intellectual property rights, and acts in regard to defects in the Company's products or services, including but not limited to any claim or demand made for actual or alleged infringement, misappropriation or misuse of any third party's intellectual property rights by the Company including without limitation confidential information, patents, copyrights, design rights, service marks, trade secrets, copyrights, and misappropriation of ideas by the Company.

5. Approval of corporate actions including the approval of the acts of the Company's management, their guidance and their supervision.

6. Claims of failure to exercise business judgment and a reasonable level of proficiency, expertise and care in regard to the Company's business.

7. Claims relating to the offering of securities and claims relating to violations of securities laws of any jurisdiction, including, without limitation, fraudulent disclosure claims, failure to comply with the Securities Exchange Commission and/or the Israeli Securities Authority rules and other claims relating to relationships with investors and the investment community.

8. Violations of securities laws of any jurisdiction, including without limitation, fraudulent disclosure claims and other claims relating to relationships with investors and the investment community.

9. Violations of laws requiring the Company to obtain regulatory and governmental licenses, permits and authorizations in any jurisdiction.

10. Claims in connection with publishing or providing any information, including any filings with governmental authorities, on behalf of the Company in the circumstances required under applicable laws.

11. Actions regarding investments by the Company and/or the acquisition of assets, including the acquisition of companies and/or businesses through merger or otherwise or the investment of funds in tradeable securities and/or in any other manner.

12. Claims in connection with employment relationships with Company's employees.

13. Claims in connection with Company's liquidation.

14. Any claim or demand made directly or indirectly in connection with complete or partial failure, by the Company or its directors, officers and employees, to pay, report, keep applicable records or otherwise, any state, municipal or foreign taxes or other mandatory payments of any nature whatsoever, including, without limitation, income, sales, use, transfer, excise, value added, registration, severance, stamp, occupation, customs, duties, real property, personal property, capital stock, social security, unemployment, disability, payroll or employee withholding or other withholding, including any interest, penalty or addition thereto, whether disputed or not.

15. Actions taken in connection with the approval and execution of financial reports and business reports and the representations made in connection therewith.

16. Occurrences resulting from the Company's becoming, or its status as, a public company, and/or from the fact that the Company's securities were offered to the public and/or are traded on any stock exchange.

17. The sale, purchase and holding of negotiable securities or other investments for or in the name of the Company.

18. Actions in connection with the sale of the operations and/or business, or part thereof, of the Company.

19. Without derogating from the generality of the above, actions in connection with the purchase or sale of companies, legal entities or assets, and the division or consolidation thereof.

20. Actions concerning the approval of transactions of the Company, with officers and/or directors and/or holders of controlling interests in the Company, or any other transaction with a related party.

21. Actions in connection with the testing of products developed by the Company, or in connection with the distribution, sale, license or use of such products.

22. Actions taken pursuant to or in accordance with the policies and procedures of the Company, whether such policies and procedures are published or not.

23. Any claim or demand made by any lenders or other creditors or for moneys borrowed by, or other indebtedness of, the Company.

24. Any claim or demand made by any third party suffering any personal injury and/or bodily injury or damage to business or personal property through any act or omission attributed to the Company, or its employees, agents or other persons acting or allegedly acting on their behalf.

For the purpose of this Schedule A, "Company" shall include all subsidiaries and affiliates of Company.

POLYPID LTD.
2012 SHARE OPTION PLAN

1. Definitions

As used herein capitalized terms shall have the meanings set forth in Annex A hereto, unless the context clearly indicates to the contrary.

2. The Plan

2.1 Purpose

The purpose and intent of the Plan is to advance the interests of the Company by affording to selected employees, officers, directors, consultants and other services providers of the Company or Affiliated Companies an opportunity to acquire a proprietary interest in the Company or to increase their proprietary interest therein, as applicable, by the grant in their favor, of Options, thus providing such Grantee an additional incentive to become, and to remain, employed or engaged by the Company or Affiliated Company, as the case may be, and encouraging such Grantee's sense of proprietorship and stimulating his or her active interest in the success of the Company and the Affiliated Company by which such Grantee is employed or engaged.

2.2 Effective Date and Term

The Plan shall become effective as of the day it was adopted by the Board, and shall continue in effect until the earlier of ***(a)*** its termination by the Board; or ***(b)*** the date on which all of the Options available for issuance under the Plan have been granted and exercised; or ***(c)*** the lapse of ten (10) years from the date the Plan is adopted by the Board.

3. Administration

3.1 This Plan and any Sub-Plans shall be administered by the Board. The Board may appoint a committee which, subject to any applicable limitations imposed by the Companies Law, and/or by any other applicable Law, shall have all of the powers of the Board granted herein (in which event of such limitations, such committee may make recommendations to the Board). Subject to the above, the term "Board" whenever used herein, shall mean the Board or such appointed committee, as applicable.

3.2 Unless specifically required otherwise under applicable Mandatory Law, the Board shall have sole and full discretion and authority, without the need to submit its determinations or actions to the shareholders of the Company for their approval or authorization, to administer the Plan and any Sub-Plans and all actions related thereto, including without limitation the performance, at any time and from time to time, of any and all of the following:

3.2.1 the designation of Grantees;

3.2.2 the determination of the terms of each grant of Options (which need not be identical), including without limitation the number of Options to be granted in favor of each Grantee and the vesting schedule and the Exercise Price thereof and the documents to be executed by the Grantee;

3.2.3 the determination of the applicable tax regimes to which the Options will be subject;

3.2.4 the determination of the terms and form of the Option Agreements (which need not be identical), whether a general form or a specific form with respect to a certain Grantee;

3.2.5 the modification or amendment of the Exercise Period, vesting schedules (including by way of accelaration) and/or of the Exercise Price of Options, including without limitation the reduction thereof, either prior to or following their grant; the repricing of Options or any other action which is or may be treated as repricing under generally accepted accounting principles; the grant to the holder of an outstanding Option, in exchange for such Option, of a new Option having a purchase price equal to, lower than or higher than the Exercise Price provided in the Option so surrendered and canceled, and containing such other terms and conditions as the Board may prescribe;

3.2.6 any other action and/or determination deemed by the Board to be required or advisable for the administration of the Plan and/or any Sub-Plan or Option Agreement;

3.2.7 the determination of the Fair Market Value of the Shares, and the mechanism of such determination;

3.2.8 the interpretation of the Plan, any Sub-Plans, and the Option Agreements;

3.2.9 the adoption of Sub-Plans, including without limitation the determination, if the Board sees fit to so determine, that to the extent any terms of such Sub-Plan are inconsistent with the terms of this Plan, the terms of such Sub-Plan shall prevail; and

3.2.10 the extension of the period of the Plan or any Sub-Plans.

3.3 The Board may, without shareholder approval, amend, modify (including by adding new terms and rules), and/or cancel or terminate this Plan, any Sub-Plans, and any Options granted under this Plan or any Sub-Plans, any of their terms, and/or any rules, guidelines or policies relating thereto. Notwithstanding the foregoing ***(a)*** material amendments to the Plan or any Sub-Plans (but not the exercise of discretion under the Plan or any Sub-Plans) shall be subject to shareholder approval to the extent so required by applicable Mandatory Law; and ***(b)*** no termination or amendment of the Plan or any Sub-Plan shall affect any then outstanding Options nor the Board's ability to exercise its powers with respect to such outstanding Options granted prior to the date of such termination, unless expressly provided by the Board.

3.4 Unless otherwise determined by the Board, any amendment or modification of this Plan and/or any applicable Sub-Plan and/or Option Agreement shall apply to the relationship between the Grantee and the Company; and such amendment or modification shall be deemed to have been included, *ab initio*, in the Plan and any such applicable Sub-Plan and/or Option Agreement, and shall have full force and effect with respect to the relationship between the Company and the Grantee.

4. Eligibility

The persons eligible for participation in the Plan as Grantees include employees, officers, directors, consultants, and other service providers of the Company or any Affiliated Company (including persons who are responsible for or contribute to the management, growth or profitability of, or who provide substantial services to, the Company or any Affiliated Company). The Board, in its sole discretion shall select from time to time the individuals,

from among the persons eligible to participate in the Plan, who shall receive Options. In determining the persons in favor of whom Options are to be granted, the number of Options to be granted thereto and the terms of such grants, the Board may take into account the nature of the services rendered by such person, his/her present and future potential contribution to the Company or to the Affiliated Company by which he/she is employed or engaged, and such other factors as the Board in its discretion shall deem relevant.

5. Option Pool

The total number of Options to be granted pursuant to this Plan shall be Seventeen Million Seven Hundred and Fifty Five Thousand Five Hundred and Six (17,755,506) and the Company has reserved Seventeen Million Seven Hundred and Fifty Five Thousand Five Hundred and Six (17,755,506) authorized but unissued Shares for the purpose of the Plan, subject to adjustment as set forth in Section 12 below, and as shall be amended by the Board from time to time.

The Company shall at all times until the expiration or termination of this Plan keep reserved a sufficient number of Shares to meet the requirements of this Plan. Any of such Shares, which, as of the expiration or termination of this Plan, remain unissued and not subject to outstanding Options, shall at such time cease to be reserved for the purposes of this Plan. Should any Option for any reason expire or be canceled prior to its exercise or relinquishment in full, such Option may be returned to said pool of Options and may again be granted under this Plan.

6. Grant of Options

6.1 The Options shall be granted for no consideration.

6.2 Each Option granted pursuant to the Plan shall be evidenced by an Option Agreement.

6.3 Each Grantee shall be required to execute, in addition to the Option Agreement, any and all other documents required by the Company or any Affiliated Company, whether before or after the grant of the Options (including without limitation any customary documents and undertakings towards a trustee, if any, and/or the tax authorities). Notwithstanding anything to the contrary in this Plan or in any Sub-Plan, no Option shall be deemed granted unless all documents required by the Company or any Affiliated Company to be signed by the Grantee prior to or upon the grant of such Option, shall have been duly signed and delivered to the Company or such Affiliated Company.

7. Terms of Options

Option agreements between the Company and a Grantee will be in such form approved by the Board, which may be a general form or a specific form with respect to a certain Grantee.

Unless otherwise determined by the Board (which determination shall not require shareholder approval, unless so required in order to comply with the provisions of applicable Mandatory Law) and provided accordingly in the applicable Option Agreement, such Option Agreement shall set forth, by appropriate language, the number of Options granted thereunder and the substance of all of the following provisions:

7.1 *Exercise Price*: The Exercise Price for each Grantee shall be as determined by the Board and specified in the applicable Option Agreement. Without derogating from and in addition to the provisions of Section 18 of the Plan, the Exercise Price shall be denominated in the currency of the primary economic environment of, at the Company's discretion, either the Company or the Grantee (that is the functional currency of the Company or the currency in which the Grantee is paid).

7.2 *Vesting*: Unless otherwise determined by the Board with respect to any specific Grantee and/or to any specific grant (which determination shall not require shareholder approval unless so required in order to comply with the provisions of applicable Mandatory Law) and provided accordingly in the applicable Option Agreement, the Options shall vest (become exercisable) according to the following 3 year vesting schedule:

Period of Grantee's Continuous Service from the Start Date:	Portion of Total Number of Options that becomes Vested and Exercisable
Upon the completion of a full twelve (12) months of continuous Service	33%
Upon the lapse of each full additional three month(s) of the Grantee's continuous Service thereafter, until all the Options are vested (i.e. 100% of the grant will be vested after 3 years)	8.375%

For the purposes hereof, the "**Start Date**" shall mean the Date of Grant, unless otherwise determined by the Board (which determination shall not require shareholder approval unless so required in order to comply with the provisions of the Companies Law), and provided accordingly in the applicable Option Agreement.

For the purposes hereof, the term "**Service**" means a Grantee's employment or engagement by the Company or an Affiliated Company. Service shall be deemed terminated upon the effective date of the termination of the employment/engagement relationship. A Grantee's Service shall not be deemed terminated or interrupted solely as a result of a change in the capacity in which the Grantee renders Service to the Company or an Affiliated Company (i.e., as an employee, officer, director, consultant, etc.); nor shall it be deemed terminated or interrupted due solely to a change in the identity of the specific entity (out of the Company and its Affiliated Companies) to which the Grantee renders such Service, provided that there is no actual interruption or termination of the continuous provision by the Grantee of such Service to any of the Company and its Affiliated Companies. Furthermore, a Grantee's Service with the Company or Affiliated Company shall not be deemed terminated or interrupted as a result of any military leave, sick leave, or other bona fide leave of absence taken by the Grantee and approved by the Company or such Affiliated Company by which the Grantee is employed or engaged, as applicable; provided, however, that if any such leave exceeds ninety (90) days, then on the ninety-first (91st) day of such leave the Grantee's Service shall be deemed to have terminated unless the Grantee's right to return to Service with the Company or such Affiliated Company is secured by statute or contract. Notwithstanding the foregoing, unless otherwise designated by the Company or Affiliated Company, as the case may be, or required by law, time spent in a leave of absence shall not be treated as time spent providing Service for the purposes of calculating accrued vesting rights under the vesting schedule of the Options. Without derogating from the aforesaid, the Service of a Grantee to an Affiliated Company shall also be deemed terminated in the event that such Affiliated Company for which the Grantee performs Service ceases to fall within the definition of an "Affiliated Company" under this Plan, effective as of the date said Affiliated Company ceases to be such. In all other cases in which any doubt may arise regarding the termination of a Grantee's Service or the effective date of such termination, or the implications of absence from Service on vesting, the Corporation, in its discretion, shall determine whether the Grantee's Service has terminated and the effective date of such termination and the implications, if any, on vesting.

The Board shall be entitled, but not obliged, at its sole discretion, to accelerate, in whole or in part, the vesting schedule of any Option, including, without limitation, in connection with a Merger Transaction and/or an IPO.

7.3 *Expiration Date:* Unless expired earlier pursuant to either Section 7.4 or Section 9 below, unexercised Options shall expire and terminate and become null and void upon the lapse of ten (10) years from the Date of Grant (the "**Expiration Date**").

7.4 *Exercise Period*:

7.4.1 Each Option shall be exercisable from the date upon which it becomes vested until the Expiration Date of such Option (the "**Exercise Period**").

7.4.2 Notwithstanding anything to the contrary contained in this Plan, in the event of a merger of the Company with or into another corporation, or the sale of all or substantially all the assets or the shares of the Company (such merger or sale: a "**Merger Transaction**"), the surviving or the acquiring entity, as the case may be, or its respective parent company or subsidiary (the "**Successor Entity**") may either assume the Company's rights and obligations under outstanding Options or substitute the outstanding Options, as follows:

(a) For purposes of this Section 7.4.2, the outstanding Options shall be deemed assumed or substituted by the Successor Entity if, following the consummation of the Merger Transaction, the outstanding Options confer the right to receive, for each share underlying any outstanding Option immediately prior to the consummation of the Merger Transaction, the same consideration (whether shares, cash or other securities or property) to which an existing holder of a Share on the effective date of consummation of the Merger Transaction was entitled; provided, however, that if the consideration to which such existing holder is entitled comprises consideration other than or in addition to securities of the Successor Entity, then the Board may determine, with the consent of the Successor Entity, that the consideration to be received by the Grantees for their outstanding Options will comprise solely securities of the Successor Entity equal in their market value to the per share consideration received by the holders of Shares in the Merger Transaction.

(b) In the event that the Successor Entity neither assumes nor substitutes all of the outstanding Options of a Grantee, then such Grantee shall have a period of 15 days (or if so decided by the Board, such longer period as the Board may determine in its sole discretion) from the date designated by the Company in a written notice given to the Grantee (such date to be no earlier than the date upon which said notice is delivered to the Grantee) to exercise his or her Vested Options.

(c) All Options, whether vested or not, which are neither assumed or substituted by the Successor Entity, nor exercised by the end of the said 15-day period, shall expire effective as of the date of the consummation of the Merger Transaction, whereupon they shall become null and void and shall no longer entitle the Grantee to any right in or towards the Company or the Successor Entity.

7.5 *Exercise Notice and Payment:*

Vested Options may be exercised at one time or from time to time during the Exercise Period, by giving a written notice of exercise (the "**Exercise Notice**") to the Company, at their principal offices, in accordance with the following terms, or such other procedures as shall be determined from time to time by the Board and notified in writing to the Grantees:

(a) The Exercise Notice must be signed by the Grantee and must be delivered to the Company, prior to the termination of the Options, by certified or registered mail - return receipt requested, with a copy delivered to the Chief Financial Officer (or such other authorized representative) of the Affiliated Company with which the Grantee is employed or engaged, if applicable.

(b) The Exercise Notice will specify the number of Vested Options being exercised.

(c) The Exercise Notice will be accompanied by payment in full of the Exercise Price for the exercised Options and by such other representations and agreements as required by the Company with respect to the Grantee's investment intent regarding the Exercised Shares. Payment will be made by personal check or cashier's check payable to the order of the Company, or at the discretion of the Board, payment of such other lawful

consideration as the Board may determine (such as, by way of example, cashless exercise), provided however, that in case of payment by check, the Options shall not be deemed exercised, and the Company shall not issue the Exercised Shares in respect thereof, until the check shall have been fully and irrevocably honored by the bank on which it was drawn.

7.6 *Conditions of Issuance*

No Options shall be deemed exercised nor shall any Share be issued thereunder, until the Company has been provided with confirmation by the applicable tax authorities or is otherwise under a tax arrangement, which either: ***(a)*** waives or defers the tax withholding obligation with respect to such exercise and issuance; or ***(b)*** confirms receipt of the payment of all the tax due with respect to such exercise; or ***(c)*** confirms the conclusion of another arrangement with the Grantee regarding the tax amounts, if any, that are to be withheld by the Company or any Affiliated Company under Law with respect to such exercise, and which arrangement is satisfactory to the Company. If such confirmations/exemptions/arrangements are not available under the tax subjections of the Grantee, the Company shall be entitled to require as a condition of issuance that the Grantee remit an amount sufficient to satisfy all federal, state and other governmental withholding tax requirements related thereto. A determination of the Company's counsel that a withholding tax is required in connection with the exercise of Options shall be conclusive for the purposes of this requirement condition.

Furthermore, notwithstanding any other provision of this Plan, the Company shall have no obligation to issue or deliver Shares under the Plan unless the exercise of the Option and the issuance and delivery of the underlying Shares comply with, and do not result in a breach of, all applicable Laws, to the satisfaction of the Company in its sole discretion, and have received, if deemed desirable by the Company, the approval of legal counsel for the Company with respect to such compliance. The Company may further require the Grantee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with applicable Laws.

As a condition to the exercise of an Option, the Company may require, among other things, that: ***(a)*** the Grantee represent and warrant at the time of any exercise that the underlying Shares are being purchased only for investment and without any present intention to sell or distribute such Shares, and make such other representations, warranties and covenants as may be reasonably required to comply with applicable laws; ***(b)*** a legend be stamped on the certificates representing such underlying Shares indicating that they may not be pledged, sold or otherwise transferred unless an opinion of legal counsel (acceptable by the Company's counsel) stating that such transfer is not in violation of any applicable Law, is provided; and

(c) the Grantee execute and deliver to the Company such an agreement as may be in use by the Company setting forth certain terms and conditions applicable to the Shares.

8. Transferability

8.1 The Options are not publicly traded.

8.2 Other than by will or laws of descent, neither the Options nor any of the rights in connection therewith shall be assignable, transferable, made subject to attachment, lien or encumbrance of any kind, and the Grantee shall not grant with respect thereto any power of attorney or transfer deed, whether valid immediately or in the future.

8.3 Following the exercise of Vested Options, the Exercised Shares shall be transferable; provided, however, that Exercised Shares may be subject to applicable securities regulations, a right of first refusal, one or more repurchase options, market stand-off provisions, lock up periods and such other conditions and restrictions as may be included in the Company's Articles, the Plan, any applicable Sub-Plan, the applicable Option Agreement, and/or any conditions and restrictions included in the Company's Securities Law Compliance Manual/Insider Trade Policy, or similar document, if any, all as determined by the Board in its discretion, provided however, that if the Options are subject to a right of first refusal or a repurchase option, then for as long as the Company is not publicly traded, a Grantee shall not transfer any Exercised Shares, prior to the lapse of six (6) months and one day from the date on which s/he exercised the Options. The Company shall have the right to assign at any time any repurchase or right of first refusal right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company. Upon request by the Company, the Grantee shall execute any agreement or document evidencing such transfer restrictions prior to the receipt of Exercised Shares hereunder, and shall promptly present to the Company any and all certificates representing Exercised Shares for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

The Grantee may transfer or sell only Exercised Shares, or any part thereof, to any third party, provided that all of the following conditions have been met prior to such transfer: ***(a)*** the transfer is made in accordance with and subject to the provisions of the Company's Articles (including, without limitation, any rights of first refusal provided therein, if any); and ***(b)*** the transferee confirmed in writing its acceptance of the terms and conditions of the Plan, any applicable Sub-Plan and the applicable Option Agreement with respect to the Exercised Shares being transferred, instead of the Grantee, to the satisfaction of the Board (including the execution of the proxy referred to in Section 10.2 below); and ***(c)*** actual payment of all taxes required to be paid upon such sale and transfer of the Exercised Shares has been made to the tax assessor, and the trustee (if applicable) received confirmation from the tax assessor that all taxes required to be paid upon such sale and transfer have been paid.

Any transfer that is not made in accordance with the Plan, any applicable Sub-Plan or the applicable Option Agreement shall be null and void.

8.4 No transfer of an Exercised Share or Option by the Grantee by will or by the laws of descent shall be effective against the Company, unless and until: ***(a)*** the Company shall have been furnished with written notice thereof, accompanied by an authenticated copy of probate of a will together with the will or inheritance order and/or such other evidence as the Board may deem necessary to establish the validity of the transfer; and ***(b)*** the contemplated transferee(s) shall have confirmed to the Company in writing its acceptance of the terms and conditions of

the Plan, any applicable Sub-Plan and Option Agreement, with respect to the Exercised Share or Options being transferred, to the satisfaction of the Board.

8.5 In the event that prior to an IPO, holders holding in the aggregate no less than a controlling interest in the Company ("**Selling Shareholders**") elect to sell all or substantially all of their shares in the Company either to a third party or to one shareholder of the Company, then, if so requested by the purchaser, the Grantee shall be obligated to join the sale and sell all of his/her Shares in the Company (and if requested, also his/her unexpired Vested Options), all under the same terms under which the Selling Shareholders have agreed to sell their shares (provided that with respect to Vested Options, the Exercise Price shall be deducted from the purchase price paid for the shares in such transaction) and in accordance with the provisions of the Articles of the Company.

9. Termination of Options and Repurchase of Exercised Shares

9.1 Notwithstanding anything to the contrary, any Option granted in favor of any Grantee but not exercised by such Grantee within the Exercise Period and in strict accordance with the terms of the Plan, any applicable Sub-Plan and the applicable Option Agreement, shall, upon the lapse of the Exercise Period, immediately expire and terminate and become null and void.

9.2 Upon the termination of a Grantee's Service, for any reason whatsoever, any Options granted in favor of such Grantee, which are not Vested Options, shall immediately expire and terminate and become null and void.

9.3 Additionally, in the event of the termination of a Grantee's Service for Cause (a) all of such Grantee's Vested Options shall also, upon such termination for Cause, immediately expire and terminate and become null and void; and (b) any and all of such Grantee's Exercise Shares shall be subject to the Company's "Repurchase Right", as described below.

For the purposes hereof the term "**Cause**" shall mean ***(a)*** the conviction of the Grantee for any felony involving moral turpitude or affecting the Company or any Affiliated Company; ***(b)*** the embezzlement of funds of the Company or any Affiliated Company; ***(c)*** any breach of the Grantee's fiduciary duties or duties of care towards the Company or any Affiliated Company (including without limitation any disclosure of confidential information of the Company or any Affiliated Company or any breach of a non-competition undertaking); ***(d)*** any conduct in bad faith reasonably determined by the Board to be materially detrimental to the Company or, with respect to any Affiliated Company, reasonably determined by the Board of Directors of such Affiliated Company to be materially detrimental to either the Company or such Affiliated Company; or ***(e)*** any other event classified under any applicable agreement between the Grantee and the Company or the Affiliated Company, as applicable, as a "cause" for termination or by other language of similar substance.

The Company's "**Repurchase Right**" shall be as follows: If any Grantee's Service is terminated by the Company for Cause, then, within 180 days after such termination, the Company shall have the right, but not the obligation, to repurchase from the Grantee, or his or her legal representative, as the case may be, all or part of the Shares s/he exercised pursuant to the Options, if any. The Repurchase Right shall be exercised by the Company by giving the Grantee, or his/her legal representative written notice, within said 180 days, of its intention to exercise the Repurchase Right, indicating the number of such Exercised Shares to be repurchased and the date on which the repurchase is to be effected, and shall pay the Grantee for each such Exercised Share being repurchased, an amount equal to the price originally paid by the Grantee for such Exercised Shares, subject to adjustments as provided in Section 12 below. The certificate(s) representing such Exercised Shares to be repurchased shall, prior to

the close of business on the date specified for the repurchase, be delivered to the Company together with a duly endorsed stock assignment certificate. Payment shall be made in cash, cash equivalents, or in any other way of payment allowed under any applicable Law, and authorized by the Board. Concurrently with the exercise of the Repurchase Right, if exercised, the Grantee (or the holder of the Exercised Shares so repurchased) shall no longer have any rights as a holder of such repurchased Exercised Shares. Such repurchased Exercised Shares shall be deemed to have been repurchased, whether or not the certificate(s) therefor have been delivered. If the Grantee fails to deliver such stock certificate(s), the Company shall be entitled to take such action as may be necessary to remove the requisite number of Shares registered in the name of the Grantee from the books and records of the Company. The Repurchase Right shall be in addition to any and all other rights and remedies available to the Company.

In the event that the Company shall be prohibited, on account of any applicable Mandatory Law, from repurchasing Exercised Shares, the Company may assign the Repurchase Right to it wholly owned subsidiary, or if the same is not possible on account of any applicable Law, to all of the stockholders of the Company at the time of the exercise of said right (excluding other shareholders pursuant to the exercise of Options), on a pro-rata, as converted basis, all under the same terms and conditions set forth in this Plan, in which event the Company portion shall inform the Grantee of the identity of the particular assignee in the Company's Notice, and the provisions of this Section regarding the Company shall apply to such assignee(s), *mutatis mutandis*.

In the event that at the time the Company wishes to exercise its Repurchase Right, the Grantee does not own a sufficient number of Exercised Shares to satisfy the Company's Repurchase Right, in addition to performing any obligations necessary to satisfy the Company's Repurchase Right, the Company may require the Grantee to deliver to the Company, for each Exercised Share that is the subject of the Repurchase Right and is not available for repurchase as it has been sold or transferred, an aggregate cash amount, equal to the difference between the fair market value of each such missing Share and the price originally paid by the Grantee to the Company for each such Exercised Share, as adjusted.

9.4 Unless otherwise determined by the Board (which determination shall not require shareholder approval, unless so required in order to comply with the provisions of applicable Mandatory Law), following termination of Grantee's Service other than for Cause, the Expiration Date of such Grantee's Vested Options shall be deemed the earlier of: ***(a)*** the Expiration Date of such Vested Options as was in effect immediately prior to such termination; or ***(b)*** 3 (three) calendar months following the date of such termination or, if such termination is the result of death or disability of the Grantee, 12 (twelve) calendar months from the date of such termination.

9.5 Notwithstanding anything to the contrary herein, upon the issuance of a court order declaring the bankruptcy of a Grantee, or the appointment of a receiver or a provisional receiver for a Grantee over all of his assets, or any material part thereof, or upon making a general assignment for the benefit of his creditors, any outstanding Options issued in favor of such Grantee (whether vested or not) shall immediately expire and terminate and become null and void and shall entitle neither the Grantee nor the Grantee's receiver, successors, creditors or assignees to any right in or towards the Company or any Affiliated Company in connection with the same, and all interests and rights of the Grantee or the Grantee's receiver, successors, creditors or assignees in and to the same, shall expire.

10. Rights as Shareholder, Voting Rights, Dividends and Bonus Shares

10.1 It is hereby clarified that a Grantee shall not, by virtue of this Plan, any applicable Sub-Plan or the applicable Option Agreement or any Option granted to the Grantee, have any of the rights of a shareholder with respect to the Shares underlying the Options, until the Options have been exercised and the Exercised Shares issued in the Grantee's name.

10.2 Prior to the closing of an IPO, the Board shall be entitled to require, as a condition to the exercise of any Option, that the Grantee (and the trustee, if there is a trustee who is the holder of the Exercised Shares) sign and deliver to such person as may be designated by the Board (the "**Nominee**") an irrevocable proxy, in a form to be provided by the Company, appointing the Nominee as the sole person entitled to exercise the voting rights conferred by such shares. The Nominee shall not exercise the voting rights conferred by the Exercised Shares held by him or with respect to which the Nominee has been given an irrevocable proxy as aforesaid, in any way whatsoever, and shall not issue a proxy to any person or entity to vote such shares, unless otherwise instructed by the Board, and in accordance with such instructions. Unless instructed otherwise by the Board, the Nominee shall vote such Exercised Shares in a manner pro-rata to the votes of the other voting shares, such that the votes of the Exercised Shares shall not affect the end result of the vote. The Nominee shall be indemnified and held harmless by the Company, to the extent permitted by applicable law, against any cost or expense (including counsel fees) reasonably incurred by him/it, 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 the voting of the aforesaid proxy unless arising out of such Nominee's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the Nominee(s) may have as a director or otherwise under the Company's Articles, any agreement, any vote of shareholders or disinterested directors, insurance policy or otherwise.

10.3 Notwithstanding anything to the contrary herein or in the Company's Articles, none of the Grantees shall have (and they hereby waive the right to have), any pre-emptive rights to purchase, along with the other shareholders in the Company, a pro rata portion of any securities proposed to be offered by the Company prior to the offering thereof to any third party or any rights of first refusal to purchase any securities of the Company offered by the other shareholders of the Company.

10.4 Cash dividends paid or distributed, if any, with respect to the Exercised Shares shall be remitted to the Trustee and the Trustee shall make reasonable efforts to remit to the Grantee who is entitled to the Exercised Shares for which the dividends are being paid or distributed, subject to any applicable taxation and laws on such distribution of dividend, and the withholding thereof.

10.5 All bonus shares to be issued by the Company, if any, with regard to the Exercised Shares held by a trustee, if any, shall be registered in the name of such trustee and all provisions applying to such Exercised Shares, shall apply to the bonus shares issued by virtue thereof, *mutatis mutandis*.

11. Liquidation

In the event that the Company is liquidated or dissolved while unexercised Options remain outstanding under the Plan, then all or part of such outstanding Options may be exercised in full by the Grantees as of immediately prior to the effective date of such liquidation or dissolution of the Company, without regard to the vesting terms thereof.

12. Adjustments

The number of Shares to which each outstanding Option is exercisable, together with those Shares otherwise reserved for the purposes of the Plan for Options not yet exercised as provided under Section 5 above, shall be proportionately adjusted for any increase or decrease in the number of Shares resulting from a stock split, reverse stock split, combination or reclassification of the Shares, as well as for any distribution of bonus shares. Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive**.**

All provisions applying to the Exercised Shares shall apply to all Shares received as a result of an adjustment as described above.

No adjustment shall be made by virtue of the distribution, if any, of any cash or similar dividend.

13. No Interference

Neither the Plan nor any applicable Sub-Plan or Option Agreement shall affect, in any way, the rights or powers of the Company or its shareholders to make or to authorize any sale, transfer or change whatsoever in all or any part of the Company's assets, obligations or business, or any other business, commercial or corporate act or proceeding, whether of a similar character or otherwise; any adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or business; any merger or consolidation of the Company; any issue of bonds, debentures, shares (including preferred or prior preference shares ahead of or affecting the existing shares of the Company including the shares into which the Options granted hereunder are exercisable or the Exercised Shares or the rights thereof, etc.); or the dissolution or liquidation of the Company; and none of the above acts or authorizations shall entitle the Grantee to any right or remedy, including without limitation, any right of compensation for any dilution resulting from any issuance of any shares or of any other securities in the Company to any person or entity whatsoever.

14. No Employment/Engagement/Continuance of Service Obligations

Nothing in the Plan, in any applicabl[ILLEGIBLE]e Sub-Plan or Option Agreements, or in any Option granted hereunder shall be construed as guaranteeing the Grantee's continuous employment, engagement or service with the Company or any Affiliated Company, and no obligation of the Company or any Affiliated Company as to the length of the Grantee's employment, engagement or service shall be implied by the same. The Company and its Affiliated Companies reserve the right to terminate the employment, engagement or service of any Grantee pursuant to such Grantee's terms of employment, engagement or service and any law.

15. No Representation

The Company does not and shall not, through this Plan, any applicable Sub-Plan or the applicable Option Agreement, make any representation towards any Grantee with respect to the Company, its business, its value or either its shares in general or the Exercised Shares in particular.

Each Grantee, upon entering into the applicable Option Agreement, shall represent and warrant toward the Company that his/her consent to the grant of the Options issued in his/her favor and the exercise (if so exercised) thereof, neither is nor shall be made, in any respect, upon the basis of any representation or warranty made by the Company or by any of its directors, officers, shareholders or employees, and is and shall be made based only upon his/her examination and expectations of the Company, on an "as is" basis. Each Grantee shall waive any claim whatsoever of "non-conformity" of any kind, and any other cause of action or claim of any kind with respect to the Options and/or their underlying Shares.

16. Tax Consequences

16.1 Any and all tax and/or other mandatory payment consequences arising from the grant or exercise of any Option, the payment for or the transfer of the Exercised Shares to the Grantee, or the sale of the Exercised Shares by the Grantee, or from any other event or act in connection therewith (including without limitation, in the event that the Options do not qualify under the tax classification/tax track in which they were intended) (whether of the Company, any Affiliated Company, a trustee, if applicable, or the Grantee), shall be borne solely by the Grantee.

16.2 The Company, any Affiliated Company and a trustee, if applicable, may each withhold (including at source), deduct and/or set-off, from any payment made to the Grantee, the amount of the tax and/or other mandatory payment the withholding of which is required with respect to the Options and/or the Exercised Shares under any applicable Law. The Company or an Affiliated Company may require the Grantee, through payroll withholding, cash payment or otherwise, to make adequate provision for any such tax withholding obligations of the Company, Affiliated Company or a trustee, if applicable, arising in connection with the Options or the Exercised Shares. Without derogating from the aforesaid, each Grantee shall provide the Company and/or any applicable Affiliated Company with any executed documents, certificates and/or forms that may be required from time to time by the Company or such Affiliated Company in order to determine and/or establish the tax liability of such Grantee.

16.3 Furthermore, each Grantee shall indemnify the Company, any applicable Affiliated Company and a trustee, if applicable, or any one thereof, and hold them harmless from and against any and all liability in relation with any such tax and/or other mandatory payments or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax and/or other mandatory payments from any payment made to the Grantee.

17. Non-Exclusivity of the Plan

The adoption by the Board of this Plan and any Sub-Plans shall not be construed as amending, modifying or rescinding any previously approved incentive arrangements, 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 grant of options for shares in the Company otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

18. Currency Exchange Rates

Except as otherwise determined by the Board, all monetary values with respect to Options granted pursuant to this Plan, including without limitation the fair market value and the Exercise Price of each Option, shall be stated in United States Dollars. In the event that the Exercise Price is in fact to be paid in New Israeli Shekels, the conversion rate shall be the last known representative rate of the US Dollar to the New Israeli Shekels on the date of payment.

ANNEX A

Capitalized Terms used in the 2012 Share Option Plan, shall have the meanings set forth below:

1.1 "**Affiliated Company**" — means any present or future entity ***(a)*** which holds a controlling interest in the Company; ***(b)*** in which the Company holds a controlling interest; ***(c)*** in which a controlling interest is held by another entity, who also holds a controlling interest in the Company; or ***(d)*** which has been designated an "Affiliated Company" by resolution of the Board.

1.2 "**Board**" — means the Board of Directors of the Company.

1.3 "**Cause**" — as defined in Section 9.3 of the Plan.

1.4 "**Company**" — PolyPid Ltd.

1.5 "**Companies Law**" — the State of Israel's Companies Law, 5759 — 1999, as amended from time to time, and the rules and regulations promulgated thereunder.

1.6 "**Date of Grant**" — the date determined by the Board to be the effective date of the grant of Options to a Grantee, or, if the Board has not determined such effective date, the date of the resolution of the Board approving the grant of such Options.

1.7 "**Exercise Notice**" - as defined in Section 7.5 of the Plan.

1.8 "**Exercise Period**" - as defined in Section 7.4 of the Plan.

1.9 "**Exercise Price**" - the price to be paid for the exercise of each Option.

1.10 "**Exercised Shares**" - the Shares that are issued upon the exercise of the Options.

1.11 "**Expiration Date**" - as defined in Section 7.3 of the Plan.

1.12 "**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 a national market system, including without limitation the Tel -Aviv Stock Exchange, the NASDAQ National Market System or the NASDAQ SmallCap Market, the Fair Market Value shall be the last reported sale price for such Shares (or the highest closing bid, if no sales were reported), as quoted on such exchange or system for the last market trading day prior to time of determination, as reported in The Wall Street Journal, or such other source as the Board deems reliable;

(ii) If the Shares are regularly quoted by one or more recognized securities dealers, but selling prices are not reported, the Fair Market Value shall be the mean between the highest bid and lowest asked prices for the Shares on the last market trading day prior to the day of determination; or

(iii) In the absence of an established market for the Shares, the Fair Market Value thereof shall be determined in good faith by the Board.

1.13 "**Grantee**" — a person or entity to whom Options are granted.

1.14 "**IPO**" — an initial public offering of securities of the Company in a recognized stock exchange market or the listing thereof on NASDAQ or another recognized automated quotation system.

1.15 "**Law**" — federal, state and/or foreign, laws, rules and/or regulations and/or rules, regulations, guidelines and/or requirements of any relevant securities and exchange and/or tax commission and/or authority and/or any relevant stock exchange or quotations systems.

1.16 "**Mandatory Law**" — provisions of Law, which may not be contrarily addressed or regulated by the determination and/or consent of the Company and/or other parties.

1.17 "**Merger Transaction**" - as defined in Section 7.4 of the Plan.

1.18 "**Option(s)**" - an option(s) granted within the framework of this Plan, each of which imparts the right to purchase one Share.

1.19 "**Option Agreement**" — with respect to any Grantee — a written option agreement or a written instrument, executed by and between the Company and the Grantee, which shall set forth the terms and conditions with respect to the Options.

1.20 "**Plan**" - this Company's 2012 Israeli Share Option Plan, as may be amended from time to time as set forth herein.

1.21 "**Service**" — as defined in Section 7.2 of the Plan.

1.22 "**Share(s)**" — Ordinary Share(s) of the Company, par value of NIS 0.10 each, to which, subject to the provisions herein, are attached the rights specified in the Company's Articles, as may be amended from time to time.

1.23 "**Start Date**" — as defined in Section 7.2 of the Plan.

1.24 "**Sub-Plan**" - any supplements or sub-plans to the Plan adopted by the Board, applicable to Grantees employed in a certain country or region or subject to the laws of a certain country or region, as deemed by the Board to be necessary or desirable to comply with the laws of such region or country, or to accommodate the tax policy or custom thereof, which, if and to the extent applicable to any particular Grantee, shall constitute an integral part of the Plan.

1.25 "**Vested Option(s)**" — that portion of the Options which the Grantee is entitled to exercise in accordance with the provisions of Section 7.2 of the Plan or, if inconsistent with the provisions of Section 7.2 of the Plan - the provisions of the Option Agreement of such Grantee.

POLYPID LTD.
AMENDED AND RESTATED 2012 SHARE OPTION PLAN

1. Definitions

As used herein capitalized terms shall have the meanings set forth in Annex A hereto, unless the context clearly indicates to the contrary.

2. The Plan

2.1 Purpose

The purpose and intent of the Plan is to advance the interests of the Company by affording to selected employees, officers, directors, consultants and other services providers of the Company or Affiliated Companies an opportunity to acquire a proprietary interest in the Company or to increase their proprietary interest therein, as applicable, by the grant in their favor, of Options, thus providing such Grantee an additional incentive to become, and to remain, employed or engaged by the Company or Affiliated Company, as the case may be, and encouraging such Grantee's sense of proprietorship and stimulating his or her active interest in the success of the Company and the Affiliated Company by which such Grantee is employed or engaged.

2.2 Effective Date and Term

The Plan shall become effective as of the day it was adopted by the Board, and shall continue in effect until the earlier of ***(a)*** its termination by the Board; or ***(b)*** the date on which all of the Options available for issuance under the Plan have been granted and exercised; or ***(c)*** the lapse of ten (10) years from the date the Plan is adopted by the Board.

3. Administration

3.1 This Plan and any Sub-Plans shall be administered by the Board. The Board may appoint a committee which, subject to any applicable limitations imposed by the Companies Law, and/or by any other applicable Law, shall have all of the powers of the Board granted herein (in which event of such limitations, such committee may make recommendations to the Board). Subject to the above, the term "Board" whenever used herein, shall mean the Board or such appointed committee, as applicable.

3.2 Unless specifically required otherwise under applicable Mandatory Law, the Board shall have sole and full discretion and authority, without the need to submit its determinations or actions to the shareholders of the Company for their approval or authorization, to administer the Plan and any Sub-Plans and all actions related thereto, including without limitation the performance, at any time and from time to time, of any and all of the following:

3.2.1 the designation of Grantees;

3.2.2 the determination of the terms of each grant of Options (which need not be identical), including without limitation the number of Options to be granted in favor of each Grantee and the vesting schedule and the Exercise Price thereof and the documents to be executed by the Grantee;

3.2.3 the determination of the applicable tax regimes to which the Options will be subject;

3.2.4 the determination of the terms and form of the Option Agreements (which need not be identical), whether a general form or a specific form with respect to a certain Grantee;

3.2.5 the modification or amendment of the Exercise Period, vesting schedules (including by way of acceleration) and/or of the Exercise Price of Options, including without limitation the reduction thereof, either prior to or following their grant; the repricing of Options or any other action which is or may be treated as repricing under generally accepted accounting principles; the grant to the holder of an outstanding Option, in exchange for such Option, of a new Option having a purchase price equal to, lower than or higher than the Exercise

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Price provided in the Option so surrendered and canceled, and containing such other terms and conditions as the Board may prescribe;

3.2.6 any other action and/or determination deemed by the Board to be required or advisable for the administration of the Plan and/or any Sub-Plan or Option Agreement;

3.2.7 the determination of the Fair Market Value of the Shares, and the mechanism of such determination;

3.2.8 the interpretation of the Plan, any Sub-Plans, and the Option Agreements;

3.2.9 the adoption of Sub-Plans, including without limitation the determination, if the Board sees fit to so determine, that to the extent any terms of such Sub-Plan are inconsistent with the terms of this Plan, the terms of such Sub-Plan shall prevail; and

3.2.10 the extension of the period of the Plan or any Sub-Plans.

3.3 The Board may, without shareholder approval, amend, modify (including by adding new terms and rules), and/or cancel or terminate this Plan, any Sub-Plans, and any Options granted under this Plan or any Sub-Plans, any of their terms, and/or any rules, guidelines or policies relating thereto. Notwithstanding the foregoing ***(a)*** material amendments to the Plan or any Sub-Plans (but not the exercise of discretion under the Plan or any Sub-Plans) shall be subject to shareholder approval to the extent so required by applicable Mandatory Law; and ***(b)*** no termination or amendment of the Plan or any Sub-Plan shall affect any then outstanding Options nor the Board's ability to exercise its powers with respect to such outstanding Options granted prior to the date of such termination, unless expressly provided by the Board.

3.4 Unless otherwise determined by the Board, any amendment or modification of this Plan and/or any applicable Sub-Plan and/or Option Agreement shall apply to the relationship between the Grantee and the Company; and such amendment or modification shall be deemed to have been included, *ab initio*, in the Plan and any such applicable Sub-Plan and/or Option Agreement, and shall have full force and effect with respect to the relationship between the Company and the Grantee.

4. Eligibility

The persons eligible for participation in the Plan as Grantees include employees, officers, directors, consultants, and other service providers of the Company or any Affiliated Company (including persons who are responsible for or contribute to the management, growth or profitability of, or who provide substantial services to, the Company or any Affiliated Company). The Board, in its sole discretion shall select from time to time the individuals, from among the persons eligible to participate in the Plan, who shall receive Options. In determining the persons in favor of whom Options are to be granted, the number of Options to be granted thereto and the terms of such grants, the Board may take into account the nature of the services rendered by such person, his/her present and future potential contribution to the Company or to the Affiliated Company by which he/she is employed or engaged, and such other factors as the Board in its discretion shall deem relevant.

5. Option Pool

The total number of Options to be granted pursuant to this Plan shall be 23,905,701 (twenty three million nine hundred and five thousand seven hundred and one) and the Company has reserved sufficient Shares for the purpose of the Plan, subject to adjustment as set forth in Section 12 below (the "**Share Reserve**"), and as shall be amended by the Board from time to time. The Share Reserve will automatically increase on January 1 of each year, for a period of not more than ten years, commencing on January 1 of the year following the year in which the IPO Date occurs and ending on (and including) January 1, 2028, by an amount equal to 4% of the total number of Shares outstanding on December 31st of the preceding calendar year. Notwithstanding the foregoing, the Board may act prior to January 1 of a given year to provide that there will be no January increase in the Share Reserve

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for such year or that the increase in the Share Reserve for such year will be a lesser number of Shares than would otherwise occur pursuant to the preceding sentence.

The Company shall at all times until the expiration or termination of this Plan keep reserved a sufficient number of Shares to meet the requirements of this Plan. Any of such Shares, which, as of the expiration or termination of this Plan, remain unissued and not subject to outstanding Options, shall at such time cease to be reserved for the purposes of this Plan. Should any Option for any reason expire or be canceled prior to its exercise or relinquishment in full, such Option may be returned to said pool of Options and may again be granted under this Plan.

6. Grant of Options

6.1 The Options shall be granted for no consideration.

6.2 Each Option granted pursuant to the Plan shall be evidenced by an Option Agreement.

6.3 Each Grantee shall be required to execute, in addition to the Option Agreement, any and all other documents required by the Company or any Affiliated Company, whether before or after the grant of the Options (including without limitation any customary documents and undertakings towards a trustee, if any, and/or the tax authorities). Notwithstanding anything to the contrary in this Plan or in any Sub-Plan, no Option shall be deemed granted unless all documents required by the Company or any Affiliated Company to be signed by the Grantee prior to or upon the grant of such Option, shall have been duly signed and delivered to the Company or such Affiliated Company.

7. Terms of Options

Option agreements between the Company and a Grantee will be in such form approved by the Board, which may be a general form or a specific form with respect to a certain Grantee.

Unless otherwise determined by the Board (which determination shall not require shareholder approval, unless so required in order to comply with the provisions of applicable Mandatory Law) and provided accordingly in the applicable Option Agreement, such Option Agreement shall set forth, by appropriate language, the number of Options granted thereunder and the substance of all of the following provisions:

7.1 *Exercise Price*: The Exercise Price for each Grantee shall be as determined by the Board and specified in the applicable Option Agreement. Without derogating from and in addition to the provisions of Section 18 of the Plan, the Exercise Price shall be denominated in the currency of the primary economic environment of, at the Company's discretion, either the Company or the Grantee (that is the functional currency of the Company or the currency in which the Grantee is paid).

7.2 *Vesting*: Unless otherwise determined by the Board with respect to any specific Grantee and/or to any specific grant (which determination shall not require shareholder approval unless so required in order to comply with the provisions of applicable Mandatory Law) and provided accordingly in the applicable Option Agreement, the Options shall vest (become exercisable) according to the following 3 year vesting schedule:

Period of Grantee's Continuous Service from the Start Date:	Portion of Total Number of Options that becomes Vested and Exercisable
Upon the completion of a full twelve (12) months of continuous Service	33%
Upon the lapse of each full additional three month(s) of the Grantee's continuous Service thereafter, until all the Options are vested (i.e. 100% of the grant will be vested after 4 years)	8.375%

For the purposes hereof, the "**Start Date**" shall mean the Date of Grant, unless otherwise determined by the Board (which determination shall not require shareholder approval unless so required in order

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to comply with the provisions of the Companies Law), and provided accordingly in the applicable Option Agreement.

For the purposes hereof, the term "**Service**" means a Grantee's employment or engagement by the Company or an Affiliated Company. Service shall be deemed terminated upon the effective date of the termination of the employment/engagement relationship. A Grantee's Service shall not be deemed terminated or interrupted solely as a result of a change in the capacity in which the Grantee renders Service to the Company or an Affiliated Company (i.e., as an employee, officer, director, consultant, etc.); nor shall it be deemed terminated or interrupted due solely to a change in the identity of the specific entity (out of the Company and its Affiliated Companies) to which the Grantee renders such Service, provided that there is no actual interruption or termination of the continuous provision by the Grantee of such Service to any of the Company and its Affiliated Companies. Furthermore, a Grantee's Service with the Company or Affiliated Company shall not be deemed terminated or interrupted as a result of any military leave, sick leave, or other bona fide leave of absence taken by the Grantee and approved by the Company or such Affiliated Company by which the Grantee is employed or engaged, as applicable; provided, however, that if any such leave exceeds ninety (90) days, then on the ninety-first (91st) day of such leave the Grantee's Service shall be deemed to have terminated unless the Grantee's right to return to Service with the Company or such Affiliated Company is secured by statute or contract. Notwithstanding the foregoing, unless otherwise designated by the Company or Affiliated Company, as the case may be, or required by law, time spent in a leave of absence shall not be treated as time spent providing Service for the purposes of calculating accrued vesting rights under the vesting schedule of the Options. Without derogating from the aforesaid, the Service of a Grantee to an Affiliated Company shall also be deemed terminated in the event that such Affiliated Company for which the Grantee performs Service ceases to fall within the definition of an "Affiliated Company" under this Plan, effective as of the date said Affiliated Company ceases to be such. In all other cases in which any doubt may arise regarding the termination of a Grantee's Service or the effective date of such termination, or the implications of absence from Service on vesting, the Corporation, in its discretion, shall determine whether the Grantee's Service has terminated and the effective date of such termination and the implications, if any, on vesting.

The Board shall be entitled, but not obliged, at its sole discretion, to accelerate, in whole or in part, the vesting schedule of any Option, including, without limitation, in connection with a Merger Transaction and/or an IPO.

7.3 *Expiration Date:* Unless expired earlier pursuant to either Section 7.4 or Section 9 below, unexercised Options shall expire and terminate and become null and void upon the lapse of ten (10) years from the Date of Grant (the "**Expiration Date**").

7.4 *Exercise Period*:

7.4.1 Each Option shall be exercisable from the date upon which it becomes vested until the Expiration Date of such Option (the "**Exercise Period**").

7.4.2 Notwithstanding anything to the contrary contained in this Plan, in the event of a merger of the Company with or into another corporation, or the sale of all or substantially all the assets or the shares of the Company (such merger or sale: a "**Merger Transaction**"), the surviving or the acquiring entity, as the case may be, or its respective parent company or subsidiary (the "**Successor Entity**") may either assume the Company's rights and obligations under outstanding Options or substitute the outstanding Options, as follows:

(a) For purposes of this Section 7.4.2, the outstanding Options shall be deemed assumed or substituted by the Successor Entity if, following the consummation of the Merger Transaction, the outstanding Options confer the right to receive, for each share underlying any outstanding Option immediately prior to the consummation of the Merger Transaction, the same consideration (whether shares, cash or other securities or property) to which an existing holder of a Share on the effective date of consummation of the Merger Transaction was entitled; provided, however, that if the consideration to which such existing holder is entitled comprises

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consideration other than or in addition to securities of the Successor Entity, then the Board may determine, with the consent of the Successor Entity, that the consideration to be received by the Grantees for their outstanding Options will comprise solely securities of the Successor Entity equal in their market value to the per share consideration received by the holders of Shares in the Merger Transaction.

(b) In the event that the Successor Entity neither assumes nor substitutes all of the outstanding Options of a Grantee, then such Grantee shall have a period of 15 days (or if so decided by the Board, such longer period as the Board may determine in its sole discretion) from the date designated by the Company in a written notice given to the Grantee (such date to be no earlier than the date upon which said notice is delivered to the Grantee) to exercise his or her Vested Options.

(c) All Options, whether vested or not, which are neither assumed or substituted by the Successor Entity, nor exercised by the end of the said 15-day period, shall expire effective as of the date of the consummation of the Merger Transaction, whereupon they shall become null and void and shall no longer entitle the Grantee to any right in or towards the Company or the Successor Entity.

7.5 *Exercise Notice and Payment:*

Vested Options may be exercised at one time or from time to time during the Exercise Period, by giving a written notice of exercise (the "**Exercise Notice**") to the Company, at their principal offices, in accordance with the following terms, or such other procedures as shall be determined from time to time by the Board and notified in writing to the Grantees:

(a) The Exercise Notice must be signed by the Grantee and must be delivered to the Company, prior to the termination of the Options, by certified or registered mail - return receipt requested, with a copy delivered to the Chief Financial Officer (or such other authorized representative) of the Affiliated Company with which the Grantee is employed or engaged, if applicable.

(b) The Exercise Notice will specify the number of Vested Options being exercised.

(c) The Exercise Notice will be accompanied by payment in full of the Exercise Price for the exercised Options and by such other representations and agreements as required by the Company with respect to the Grantee's investment intent regarding the Exercised Shares. Payment will be made by personal check or cashier's check payable to the order of the Company, or at the discretion of the Board, payment of such other lawful consideration as the Board may determine (such as, by way of example, cashless exercise), provided however, that in case of payment by check,

the Options shall not be deemed exercised, and the Company shall not issue the Exercised Shares in respect thereof, until the check shall have been fully and irrevocably honored by the bank on which it was drawn.

7.6 *Conditions of Issuance*

No Options shall be deemed exercised nor shall any Share be issued thereunder, until the Company has been provided with confirmation by the applicable tax authorities or is otherwise under a tax arrangement, which either: ***(a)***waives or defers the tax withholding obligation with respect to such exercise and issuance; or ***(b)*** confirms receipt of the payment of all the tax due with respect to such exercise; or ***(c)*** confirms the conclusion of another arrangement with the Grantee regarding the tax amounts, if any, that are to be withheld by the Company or any Affiliated Company under Law with respect to such exercise, and which arrangement is satisfactory to the Company. If such confirmations/exemptions/arrangements are not available under the tax subjections of the Grantee, the Company shall be entitled to require as a condition of issuance that the Grantee remit an amount sufficient to satisfy all federal, state and other governmental withholding tax requirements related thereto. A determination of the Company's counsel that a withholding tax is required in connection with the exercise of Options shall be conclusive for the purposes of this requirement condition.

Furthermore, notwithstanding any other provision of this Plan, the Company shall have no obligation to issue or deliver Shares under the Plan unless the exercise of the Option and the issuance and delivery of the underlying Shares comply with, and do not result in a breach of, all applicable Laws, to the satisfaction of the Company in its sole discretion, and have received, if deemed desirable by the Company, the approval of legal counsel for the Company with respect to such compliance. The Company may further require the Grantee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with applicable Laws.

As a condition to the exercise of an Option, the Company may require, among other things, that: ***(a)*** the Grantee represent and warrant at the time of any exercise that the underlying Shares are being purchased only for investment and without any present intention to sell or distribute such Shares, and make such other representations, warranties and covenants as may be reasonably required to comply with applicable laws; ***(b)*** a legend be stamped on the certificates representing such underlying Shares (or otherwise applied to any Shares issued in book entry form) indicating that they may not be pledged, sold or otherwise transferred unless an opinion of legal counsel (acceptable by the Company's counsel) stating that such transfer is not in violation of any applicable Law, is provided; and ***(c)*** the Grantee execute and deliver to the Company such an agreement as may be in use by the Company setting forth certain terms and conditions applicable to the Shares.

8. Transferability

8.1 The Options are not publicly traded.

8.2 Other than by will or laws of descent, neither the Options nor any of the rights in connection therewith shall be assignable, transferable, made subject to attachment, lien or encumbrance of any kind, and the Grantee shall not grant with respect thereto any power of attorney or transfer deed, whether valid immediately or in the future.

8.3 Following the exercise of Vested Options, the Exercised Shares shall be transferable; provided, however, that Exercised Shares may be subject to applicable securities regulations, a right of first refusal, one or more repurchase options, market stand-off provisions, lock up periods and such other conditions and restrictions as may be included in the Company's Articles, the Plan, any applicable Sub-Plan, the applicable Option Agreement, and/or any conditions and restrictions included in the Company's Securities Law Compliance Manual/Insider Trade Policy, or similar document, if any, all as determined by the Board in its discretion, provided however, that if the Options are subject to a right of first refusal or a repurchase option, then for as long as the Company is not publicly traded, a Grantee shall not transfer any Exercised Shares, prior to the lapse of six (6) months and one day from the date on which s/he exercised the Options. The Company shall have the right to assign at any time any repurchase or right of first refusal right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company. Upon request by the Company, the Grantee shall execute any agreement or document evidencing such transfer restrictions prior to the receipt of Exercised Shares hereunder, and shall promptly present to the Company any and all certificates representing Exercised Shares for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

The Grantee may transfer or sell only Exercised Shares, or any part thereof, to any third party, provided that all of the following conditions have been met prior to such transfer: ***(a)*** the transfer is made in accordance with and subject to the provisions of the Company's Articles (including, without limitation, any rights of first refusal provided therein, if any); and ***(b)*** the transferee confirmed in writing its acceptance of the terms and conditions of the Plan, any applicable Sub-Plan and the applicable Option Agreement with respect to the Exercised Shares being transferred, instead of the Grantee, to the satisfaction of the Board (including the execution of the proxy referred to in Section 10.2 below); and ***(c)*** actual payment of all taxes required to be paid upon such sale and transfer of the Exercised Shares has been made to the tax assessor, and the trustee (if applicable) received confirmation from the tax assessor that all taxes required to be paid upon such sale and transfer have been paid.

Any transfer that is not made in accordance with the Plan, any applicable Sub-Plan or the applicable Option Agreement shall be null and void.

8.4 No transfer of an Exercised Share or Option by the Grantee by will or by the laws of descent shall be effective against the Company, unless and until: ***(a)*** the Company shall have been furnished with written notice thereof, accompanied by an authenticated copy of probate of a will together with the will or inheritance order and/or such other evidence as the Board may deem necessary to establish the validity of the transfer; and ***(b)*** the contemplated transferee(s) shall have confirmed to the Company in writing its acceptance of the terms and conditions of the Plan, any applicable Sub-Plan and Option Agreement, with respect to the Exercised Share or Options being transferred, to the satisfaction of the Board.

8.5 In the event that prior to an IPO, holders holding in the aggregate no less than a controlling interest in the Company ("**Selling Shareholders**") elect to sell all or substantially all of their shares in the Company either to a third party or to one shareholder of the Company, then, if so requested by the purchaser, the Grantee shall be obligated to join the sale and sell all of his/her Shares in the Company (and if requested, also his/her unexpired Vested Options), all under the same terms under which the Selling Shareholders have agreed to sell their shares (provided that with respect to Vested Options, the Exercise Price shall be deducted from the purchase price paid for the shares in such transaction) and in accordance with the provisions of the Articles of the Company.

9. Termination of Options and Repurchase of Exercised Shares

9.1 Notwithstanding anything to the contrary, any Option granted in favor of any Grantee but not exercised by such Grantee within the Exercise Period and in strict accordance with the terms of the Plan, any applicable Sub-Plan and the applicable Option Agreement, shall, upon the lapse of the Exercise Period, immediately expire and terminate and become null and void.

9.2 Upon the termination of a Grantee's Service, for any reason whatsoever, any Options granted in favor of such Grantee, which are not Vested Options, shall immediately expire and terminate and become null and void.

9.3 Additionally, in the event of the termination of a Grantee's Service for Cause (a) all of such Grantee's Vested Options shall also, upon such termination for Cause, immediately expire and terminate and become null and void; and (b) any and all of such Grantee's Exercise Shares shall be subject to the Company's "Repurchase Right", as described below.

For the purposes hereof the term "**Cause**" shall mean ***(a)*** the conviction of the Grantee for any felony involving moral turpitude or affecting the Company or any Affiliated Company; ***(b)*** the embezzlement of funds of the Company or any Affiliated Company; ***(c)*** any breach of the Grantee's fiduciary duties or duties of care towards the Company or any Affiliated Company (including without limitation any disclosure of confidential information of the Company or any Affiliated Company or any breach of a non-competition undertaking); ***(d)*** any conduct in bad faith reasonably determined by the Board to be materially detrimental to the Company or, with respect to any Affiliated Company, reasonably determined by the Board of Directors of such Affiliated Company to be materially detrimental to either the Company or such Affiliated Company; or ***(e)*** any other event classified under any applicable agreement between the Grantee and the Company or the Affiliated Company, as applicable, as a "cause" for termination or by other language of similar substance.

The Company's "**Repurchase Right**" shall be as follows: If any Grantee's Service is terminated by the Company for Cause, then, within 180 days after such termination, the Company shall have the right, but not the obligation, to repurchase from the Grantee, or his or her legal representative, as the case may be, all or part of the Shares s/he exercised pursuant to the Options, if any. The Repurchase Right shall be exercised by the Company by giving the Grantee, or his/her legal representative written notice, within said 180 days, of its intention to exercise the Repurchase Right, indicating the number of such Exercised Shares to be repurchased and the date on which the repurchase is to be effected, and

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shall pay the Grantee for each such Exercised Share being repurchased, an amount equal to the price originally paid by the Grantee for such Exercised Shares, subject to adjustments as provided in Section 12 below. Any certificate(s) representing such Exercised Shares to be repurchased shall, prior to the close of business on the date specified for the repurchase, be delivered to the Company together with a duly endorsed stock assignment certificate. Payment shall be made in cash, cash equivalents, or in any other way of payment allowed under any applicable Law, and authorized by the Board. Concurrently with the exercise of the Repurchase Right, if exercised, the Grantee (or the holder of the Exercised Shares so repurchased) shall no longer have any rights as a holder of such repurchased Exercised Shares. Such repurchased Exercised Shares shall be deemed to have been repurchased, whether or not the certificate(s) therefor, if any, have been delivered. If the Grantee fails to deliver any such stock certificate(s) or if such repurchased Exercised Shares were issued in book entry form, the Company shall be entitled to take such action as may be necessary to remove the requisite number of Shares registered in the name of the Grantee from the books and records of the Company. The Repurchase Right shall be in addition to any and all other rights and remedies available to the Company.

In the event that the Company shall be prohibited, on account of any applicable Mandatory Law, from repurchasing Exercised Shares, the Company may assign the Repurchase Right to its wholly owned subsidiary, or if the same is not possible on account of any applicable Law, to all of the stockholders of the Company at the time of the exercise of said right (excluding other shareholders pursuant to the exercise of Options), on a pro-rata, as converted basis, all under the same terms and conditions set forth in this Plan, in which event the Company portion shall inform the Grantee of the identity of the particular assignee in the Company's Notice, and the provisions of this Section regarding the Company shall apply to such assignee(s), *mutatis mutandis*.

In the event that at the time the Company wishes to exercise its Repurchase Right, the Grantee does not own a sufficient number of Exercised Shares to satisfy the Company's Repurchase Right, in addition to performing any obligations necessary to satisfy the Company's Repurchase Right, the Company may require the Grantee to deliver to the Company, for each Exercised Share that is the subject of the Repurchase Right and is not available for repurchase as it has been sold or transferred, an aggregate cash amount, equal to the difference between the fair market value of each such missing Share and the price originally paid by the Grantee to the Company for each such Exercised Share, as adjusted.

9.4 Unless otherwise determined by the Board (which determination shall not require shareholder approval, unless so required in order to comply with the provisions of applicable Mandatory Law), following termination of Grantee's Service other than for Cause, the Expiration Date of such Grantee's Vested Options shall be deemed the earlier of: ***(a)*** the Expiration Date of such Vested Options as was in effect immediately prior to such termination; or ***(b)*** 3 (three) calendar months following the date of such termination or, if such termination is the result of death or disability of the Grantee, 12 (twelve) calendar months from the date of such termination.

9.5 Notwithstanding anything to the contrary herein, upon the issuance of a court order declaring the bankruptcy of a Grantee, or the appointment of a receiver or a provisional receiver for a Grantee over all of his assets, or any material part thereof, or upon making a general assignment for the benefit of his creditors, any outstanding Options issued in favor of such Grantee (whether vested or not) shall immediately expire and terminate and become null and void and shall entitle neither the Grantee nor the Grantee's receiver, successors, creditors or assignees to any right in or towards the Company or any Affiliated Company in connection with the same, and all interests and rights of the Grantee or the Grantee's receiver, successors, creditors or assignees in and to the same, shall expire.

10. Rights as Shareholder, Voting Rights, Dividends and Bonus Shares

10.1 It is hereby clarified that a Grantee shall not, by virtue of this Plan, any applicable Sub-Plan or the applicable Option Agreement or any Option granted to the Grantee, have any of the rights of a shareholder with respect to the Shares underlying the Options, until the Options have been exercised and the Exercised Shares issued in the Grantee's name.

10.2 Prior to the closing of an IPO, the Board shall be entitled to require, as a condition to the exercise of any Option, that the Grantee (and the trustee, if there is a trustee who is the holder of the Exercised Shares) sign and deliver to such person as may be designated by the Board (the "**Nominee**") an irrevocable proxy, in a form to be provided by the Company, appointing the Nominee as the sole person entitled to exercise the voting rights conferred by such shares. The Nominee shall not exercise the voting rights conferred by the Exercised Shares held by him or with respect to which the Nominee has been given an irrevocable proxy as aforesaid, in any way whatsoever, and shall not issue a proxy to any person or entity to vote such shares, unless otherwise instructed by the Board, and in accordance with such instructions. Unless instructed otherwise by the Board, the Nominee shall vote such Exercised Shares in a manner pro-rata to the votes of the other voting shares, such that the votes of the Exercised Shares shall not affect the end result of the vote. The Nominee shall be indemnified and held harmless by the Company, to the extent permitted by applicable law, against any cost or expense (including counsel fees) reasonably incurred by him/it, 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 the voting of the aforesaid proxy unless arising out of such Nominee's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the Nominee(s) may have as a director or otherwise under the Company's Articles, any agreement, any vote of shareholders or disinterested directors, insurance policy or otherwise.

10.3 Notwithstanding anything to the contrary herein or in the Company's Articles, none of the Grantees shall have (and they hereby waive the right to have), any pre-emptive rights to purchase, along with the other shareholders in the Company, a pro rata portion of any securities proposed to be offered by the Company prior to the offering thereof to any third party or any rights of first refusal to purchase any securities of the Company offered by the other shareholders of the Company.

10.4 Cash dividends paid or distributed, if any, with respect to the Exercised Shares shall be remitted directly to the Grantee who is entitled to the Exercised Shares for which the dividends are being paid or distributed, subject to any applicable taxation on such distribution of dividend, and the withholding thereof.

10.5 All bonus shares to be issued by the Company, if any, with regard to the Exercised Shares held by a trustee, if any, shall be registered in the name of such trustee and all provisions applying to such Exercised Shares, shall apply to the bonus shares issued by virtue thereof, *mutatis mutandis*.

11. Liquidation

In the event that the Company is liquidated or dissolved while unexercised Options remain outstanding under the Plan, then all or part of such outstanding Options may be exercised in full by the Grantees as of immediately prior to the effective date of such liquidation or dissolution of the Company, without regard to the vesting terms thereof.

12. Adjustments

The number of Shares to which each outstanding Option is exercisable, together with those Shares otherwise reserved for the purposes of the Plan for Options not yet exercised as provided under Section 5 above, shall be proportionately adjusted for any increase or decrease in the number of Shares resulting from a stock split, reverse stock split, combination or reclassification of the Shares, as well as for any distribution of bonus shares. Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive.

All provisions applying to the Exercised Shares shall apply to all Shares received as a result of an adjustment as described above.

No adjustment shall be made by virtue of the distribution, if any, of any cash or similar dividend.

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13. No Interference

Neither the Plan nor any applicable Sub-Plan or Option Agreement shall affect, in any way, the rights or powers of the Company or its shareholders to make or to authorize any sale, transfer or change whatsoever in all or any part of the Company's assets, obligations or business, or any other business, commercial or corporate act or proceeding, whether of a similar character or otherwise; any adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or business; any merger or consolidation of the Company; any issue of bonds, debentures, shares (including preferred or prior preference shares ahead of or affecting the existing shares of the Company including the shares into which the Options granted hereunder are exercisable or the Exercised Shares or the rights thereof, etc.); or the dissolution or liquidation of the Company; and none of the above acts or authorizations shall entitle the Grantee to any right or remedy, including without limitation, any right of compensation for any dilution resulting from any issuance of any shares or of any other securities in the Company to any person or entity whatsoever.

14. No Employment/Engagement/Continuance of Service Obligations

Nothing in the Plan, in any applicable Sub-Plan or Option Agreements, or in any Option granted hereunder shall be construed as guaranteeing the Grantee's continuous employment, engagement or service with the Company or any Affiliated Company, and no obligation of the Company or any Affiliated Company as to the length of the Grantee's employment, engagement or service shall be implied by the same. The Company and its Affiliated Companies reserve the right to terminate the employment, engagement or service of any Grantee pursuant to such Grantee's terms of employment, engagement or service and any law.

15. No Representation

The Company does not and shall not, through this Plan, any applicable Sub-Plan or the applicable Option Agreement, make any representation towards any Grantee with respect to the Company, its business, its value or either its shares in general or the Exercised Shares in particular.

Each Grantee, upon entering into the applicable Option Agreement, shall represent and warrant toward the Company that his/her consent to the grant of the Options issued in his/her favor and the exercise (if so exercised) thereof, neither is nor shall be made, in any respect, upon the basis of any representation or warranty made by the Company or by any of its directors, officers, shareholders or employees, and is and shall be made based only upon his/her examination and expectations of the Company, on an "as is" basis. Each Grantee shall waive any claim whatsoever of "non-conformity" of any kind, and any other cause of action or claim of any kind with respect to the Options and/or their underlying Shares.

16. Tax Consequences

16.1 Any and all tax and/or other mandatory payment consequences arising from the grant or exercise of any Option, the payment for or the transfer of the Exercised Shares to the Grantee, or the sale of the Exercised Shares by the Grantee, or from any other event or act in connection therewith (including without limitation, in the event that the Options do not qualify under the tax classification/tax track in which they were intended) (whether of the Company, any Affiliated Company, a trustee, if applicable, or the Grantee), shall be borne solely by the Grantee.

16.2 The Company, any Affiliated Company and a trustee, if applicable, may each withhold (including at source), deduct and/or set-off, from any payment made to the Grantee, the amount of the tax and/or other mandatory payment the withholding of which is required with respect to the Options and/or the Exercised Shares under any applicable Law. The Company or an Affiliated Company may require the Grantee, through payroll withholding, cash payment or otherwise, to make adequate provision for any such tax withholding obligations of the Company, Affiliated Company or a trustee, if applicable, arising in connection with the Options or the Exercised Shares. Without derogating from the aforesaid, each Grantee shall provide the Company and/or any applicable Affiliated Company with any executed documents, certificates and/or forms that may be required from time to time by the Company or such Affiliated Company in order to determine and/or establish the tax liability of such Grantee.

16.3 Furthermore, each Grantee shall indemnify the Company, any applicable Affiliated Company and a trustee, if applicable, or any one thereof, and hold them harmless from and against any and all liability in relation with any such tax and/or other mandatory payments or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax and/or other mandatory payments from any payment made to the Grantee.

17. Non-Exclusivity of the Plan

The adoption by the Board of this Plan and any Sub-Plans shall not be construed as amending, modifying or rescinding any previously approved incentive arrangements, 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 grant of options for shares in the Company otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

18. Currency Exchange Rates

Except as otherwise determined by the Board, all monetary values with respect to Options granted pursuant to this Plan, including without limitation the fair market value and the Exercise Price of each Option, shall be stated in United States Dollars. In the event that the Exercise Price is in fact to be paid in New Israeli Shekels, the conversion rate shall be the last known representative rate of the US Dollar to the New Israeli Shekels on the date of payment.

ANNEX A

Capitalized Terms used in the 2012 Share Option Plan, shall have the meanings set forth below:

1.1 "**Affiliated Company**" — means any present or future entity ***(a)*** which holds a controlling interest in the Company; ***(b)*** in which the Company holds a controlling interest; ***(c)*** in which a controlling interest is held by another entity, who also holds a controlling interest in the Company; or ***(d)*** which has been designated an "Affiliated Company" by resolution of the Board.

1.2 "**Board**" — means the Board of Directors of the Company.

1.3 "**Cause**" — as defined in Section 9.3 of the Plan.

1.4 "**Company"** — PolyPid Ltd.

1.5 "**Companies Law**" — the State of Israel's Companies Law, 5759 — 1999, as amended from time to time, and the rules and regulations promulgated thereunder.

1.6 "**Date of Grant**" — the date determined by the Board to be the effective date of the grant of Options to a Grantee, or, if the Board has not determined such effective date, the date of the resolution of the Board approving the grant of such Options.

1.7 "**Exercise Notice**" - as defined in Section 7.5 of the Plan.

1.8 "**Exercise Period**" - as defined in Section 7.4 of the Plan.

1.9 "**Exercise Price**" - the price to be paid for the exercise of each Option.

1.10 "**Exercised Shares**" - the Shares that are issued upon the exercise of the Options.

1.11 "**Expiration Date**" - as defined in Section 7.3 of the Plan.

1.12 "**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 in Israel or the United States, including without limitation the Tel -Aviv Stock Exchange and the Nasdaq Stock Market, the Fair Market Value shall be the last reported sale price for such Shares (or the highest closing bid, if no sales were reported), as quoted on such exchange for the last market trading day prior to time of determination, as reported in The Wall Street Journal, or such other source as the Board deems reliable;;

(ii) If the Shares are regularly quoted by one or more recognized securities dealers, but selling prices are not reported, the Fair Market Value shall be the mean between the highest bid and lowest asked prices for the Shares on the last market trading day prior to the day of determination; or

(iii) In the absence of an established market for the Shares, the Fair Market Value thereof shall be determined in good faith by the Board.

1.13 "**Grantee**" — a person or entity to whom Options are granted.

1.14 "**IPO**" — an initial public offering of securities of the Company in the United States in conjunction with the listing of such securities on any established stock exchange in Israel or the United States, including without limitation the Tel -Aviv Stock Exchange and the Nasdaq Stock Market. The "**IPO**

Date" means the date of the underwriting agreement between the Company and the underwriter(s) managing the IPO, pursuant to which the securities are priced for the IPO.

1.15 "**Law**" — federal, state and/or foreign, laws, rules and/or regulations and/or rules, regulations, guidelines and/or requirements of any relevant securities and exchange and/or tax commission and/or authority and/or any relevant stock exchange or quotations systems.

1.16 "**Mandatory Law**" — provisions of Law, which may not be contrarily addressed or regulated by the determination and/or consent of the Company and/or other parties.

1.17 "**Merger Transaction**" - as defined in Section 7.4 of the Plan.

1.18 "**Option(s)" -** an option(s) granted within the framework of this Plan, each of which imparts the right to purchase one Share.

1.19 "**Option Agreement**" — with respect to any Grantee — a written option agreement or a written instrument, executed by and between the Company and the Grantee, which shall set forth the terms and conditions with respect to the Options.

1.20 "**Plan" -** this Company's 2012 Israeli Share Option Plan, as may be amended from time to time as set forth herein.

1.21 **"Service"** — as defined in Section 7.2 of the Plan.

1.22 "**Share(s)"** — Ordinary Share(s) of the Company, par value of NIS 0.10 each, to which, subject to the provisions herein, are attached the rights specified in the Company's Articles, as may be amended from time to time.

1.23 **"Start Date"** — as defined in Section 7.2 of the Plan.

1.24 "**Sub-Plan**" - any supplements or sub-plans to the Plan adopted by the Board, applicable to Grantees employed in a certain country or region or subject to the laws of a certain country or region, as deemed by the Board to be necessary or desirable to comply with the laws of such region or country, or to accommodate the tax policy or custom thereof, which, if and to the extent applicable to any particular Grantee, shall constitute an integral part of the Plan.

1.25 "**Vested Option(s)"** — that portion of the Options which the Grantee is entitled to exercise in accordance with the provisions of Section 7.2 of the Plan or, if inconsistent with the provisions of Section 7.2 of the Plan - the provisions of the Option Agreement of such Grantee.

POLYPID LTD. - 2012 SHARE OPTION PLAN
Sub-Plan for Grantees Subject to Israeli Taxation

This Sub-Plan ("**Sub-Plan**") to the 2012 PolyPid Ltd. Share Option Plan (the "**Plan**") is hereby established effective , 2012.

1. **Definitions**

As used herein, the following terms shall have the meanings hereinafter set forth, unless the context clearly indicates to the contrary. Any capitalized term used herein which is not specifically defined in this Sub-Plan shall have the meaning set forth in the Plan.

1.1 "**Affiliated Company**," for purposes of eligibility under the Sub-Plan shall have the meaning of the term in the Plan, provided however that any affiliated entity shall be an "employing company" within the meaning of such term in Section 102 of the Ordinance.

1.2 "**Controlling Shareholder**" - shall have the meaning ascribed to it in Section 32(9) of the Ordinance.

1.3 "**Election**" — the election by the Company, with respect to grant of 102 Trustee Options, of either one of the following tax tracks — "Capital Gains Tax Track" or "Ordinary Income Tax Track", as provided in and in accordance with the Section 102.

1.4 "**Employee" -** a person who is employed by the Company or its Affiliated Company, including an individual who is serving as a director or an office holder, but excluding any Controlling Shareholder, all as determined in Section 102 of the Ordinance.

1.5 "**Fair Market Value" -** solely for the purposes of 102 Trustee Options, if and to the extent Section 102 prescribes a specific mechanism for determining the Fair Market Value of the Exercised Shares, then notwithstanding the definition in the Plan, the Fair Market Value of 102 Trustee Options shall be as prescribed in Section 102, if applicable.

Without derogating from the definition of "Fair Market Value" enclosed in the Plan and solely for the purpose of determining the tax liability pursuant to Section 102(b)(3) of the Ordinance, if at the date of grant the Company's shares are listed on any established stock exchange or a national market system or if the Company's shares will be registered for trading within ninety (90) days following the date of grant of the Capital Gains Tax Track options, the fair market value of the Shares at the date of grant shall be determined in accordance with the average value of the Company's shares on the thirty (30) trading days preceding the date of grant or on the thirty (30) trading days following the date of registration for trading, as the case may be.

1.6 "**ITA" -** the Israeli Tax Authorities.

1.7 "**102 Non-Trustee Option**" — an Option granted not through a Trustee in accordance with and pursuant to Section 102.

1.8 "**3(i) Option**" — an Option granted pursuant to Section 3(i) of the Ordinance.

1.9 "**Ordinance**" **-** the Israeli Income Tax Ordinance [New Version], 1961, and the rules and regulations promulgated thereunder, as are in effect from time to time, and any similar successor rules and regulations.

1.10 "**Restricted Period**" — as defined in Section 4.3 herein below.

1.11 "**Section 102**" — Section 102 of the Ordinance and the rules and regulations promulgated thereunder, as are in effect from time to time, and any similar successor rules and regulations.

1.12 "**Trustee**" **-** the trustee designated or replaced by the Company and/or applicable Affiliated Company for the purposes of the Plan and approved by the Israeli Tax Authorities all in accordance with the provisions of Section 102.

1.13 "**102 Trustee Option**" — an Option granted through a Trustee in accordance with and pursuant to Section 102.

2. <u>General</u>

2.1 The purpose of this Sub-Plan is to establish certain rules and limitations applicable to Options granted to Grantees, the grant of Options to whom (or the exercise thereof by whom) are subject to taxation by the Israeli Income Tax ("**Israeli Grantees**"), in order that such Options may comply with the requirements of Israeli law, including, if applicable, Section 102.

2.2 The Plan and this Sub-Plan are complementary to each other and shall be read and deemed as one. In the event of any contradiction, whether explicit or implied, between the provisions of this Sub-Plan and the Plan, the provisions of this Sub-Plan shall prevail with respect to Options granted to Israeli Grantees.

2.3 Options may be granted under this Sub-Plan in one of the following tax tracks, at the Company's discretion and subject to applicable restrictions or limitations as provided in applicable law including without limitation any applicable restrictions and limitations in Section 102 regarding the eligibility of Israeli Grantees to each of the following tax tracks, based on their capacity and relationship towards the Company:

(i) 102 Trustee Options - in such tax track as determined in accordance with the Election; or
(ii) 102 Non-Trustee Options; or
(iii) 3(i) Options.

For avoidance of doubt, the designation Options to any of the above tax tracks shall be subject to the terms and conditions set forth in Section 102.

2.3(a) The Company's Election of the type of 102 Trustee Options as Capital Gain Tax Track or Ordinary Income Tax Track granted to Employees, shall be appropriately filed with the ITA before the Date of Grant of an 102 Trustee Option. Such Election shall become effective beginning the first Date of Grant of a 102 Trustee Option under this Plan and shall remain in effect until the end of the year following the year during which the Company first granted 102 Trustee Options. The Election shall obligate the Company to grant *only* the type of 102 Trustee Option it has elected, and shall apply to all Israeli Grantees who were granted 102 Trustee Options during the period indicated herein, all in accordance with the provisions of Section 102(g) of the Ordinance. For the avoidance of doubt, such Election shall not prevent the Company from granting 102 Non-Trustee Options simultaneously.

3. **<u>Administration</u>**

Without derogating from the powers and authorities of the Board detailed in the Plan, the Board shall have the sole and full discretion and authority, without the need to submit its determinations or actions to the shareholders of the Company for their approval or authorization, unless such approval is required to comply with applicable Mandatory Law, to administer this Sub-Plan and to take all actions related hereto and to such administration, including without limitation the performance, from time to time and at any time, of any and all of the following:

(a) the determination of the specific tax track (as described in Section 2.3 and 2.3(a) above) in which the Options are to be issued.

(b) the Election;

(c) the appointment of the Trustee;

(d) the adoption of forms of Option Agreements to be applied with respect to Israeli Grantees (the "**Israeli Option Agreement**"), incorporating and reflecting, *inter alia*, relevant provisions

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regarding the grant of Options in accordance with this Sub-Plan, and the amendment or modification from time to time of the terms of such Israeli Option Agreements.

4. **102 Trustee Options**

4.1 *Grant in the Name of Trustee*:

Notwithstanding anything to the contrary in the Plan, 102 Trustee Options granted hereunder shall be granted to, and the Exercised Shares issued pursuant thereto and all rights attached thereto (including bonus shares), issued to, the Trustee, and all shall be registered in the name of the Trustee, who shall hold them in trust until such time as they are released by the transfer or sale thereof by the Trustee. In the case the requirements of Section 102 for 102 Trustee Options are not met, than the 102 Trustee Options may be regarded as 102 Non-Trustee Option, all in accordance with the provisions of Section 102. Notwithstanding anything to the contrary in the Plan, the Date of Grant of a 102 Trustee Option shall be the date determined by the Board to be the effective date of the grant of the 102 Trustee Options to an Israeli Grantee, or, if the Board has not determined such effective date, the date of the resolution of the Board approving the grant of such Options, which in the case of 102 Trustee Options shall not be before the lapse of 30 days (or such other period which may be determined by the Ordinance from time to time) from the date upon which the Plan is first submitted to the relevant Israeli Tax Authorities.

4.2 The persons eligible for participation in the Israeli Sub Plan as Israeli Grantees shall include any Employees and/or Non-Employees of the Company or of any Affiliated Company; provided, however, that (i) Employees may only be granted 102 Trustee Options; and (ii) Non-Employees and/or Controlling Shareholders may only be granted 3(i) Options.

4.3 The Company may designate Options granted to Employees pursuant to Section 102 as 102 Non-Trustee Options or 102 Trustee Options.

4.4 The grant of 102 Trustee Options shall be made under this Sub Plan adopted by the Board, and shall be conditioned upon the approval of this Sub Plan by the ITA.

4.5 102 Trustee Options may either be classified as Capital Gain Tax Track Options or Ordinary Income Tax Track Options.

4.6 No 102 Trustee Options may be granted under this Sub Plan to any eligible Employee, unless and until, the Company's Election, is appropriately filed with the ITA. Such Election shall become effective beginning the first date of grant of a 102 Trustee Options under this Sub Plan and shall remain in effect at least until the end of the year following the year during which the Company first granted 102 Trustee Options. The Election shall obligate the Company to grant *only* the type of 102 Trustee Options it has elected, and shall apply to all Israeli Grantees who were granted 102 Trustee Options during the period indicated herein, all in accordance with the provisions of Section 102(g) of the Ordinance. For the avoidance of doubt, such Election shall not prevent the Company from granting 102 Non-Trustee Options simultaneously.

4.7 All 102 Trustee Options must be held in trust by a Trustee**.**

4.8 For the avoidance of doubt, the designation of 102 Non-Trustee Options and 102 Trustee Options shall be subject to the terms and conditions set forth in Section 102.

4.9 *Exercise of Vested 102 Trustee Options*:

Unless other procedures shall be determined from time to time by the Board and notified to the Israeli Grantees, the mechanism of exercising vested 102 Trustee Options shall be in accordance with the provisions of the Plan and of the Israeli Sub Plan, except that any notice of exercise of 102 Trustee Options shall be made in such form and method in compliance with the provisions of Section 102 and shall also be delivered in copy to the authorized representative of the Affiliated Company with which the Israeli Grantee is employed and/or engaged, if applicable, and to the Trustee.

4.10 *Restrictions on Transfer*:

(a) 102 Trustee Options and the Exercised Shares issued pursuant to the exercise thereof, and all rights attached thereto (including bonus shares), shall be held by the Trustee for such period of time as required by the provisions of Section 102 applicable to Options granted through a Trustee in the applicable tax track, as per the Election (the "**Restricted Period**").

(b) Subject to the provisions of Section 102 and any rules or regulation or orders or procedures promulgated thereunder, the Israeli Grantee shall provide the Company and the Trustee with a written undertaking and confirmation under which the Israeli Grantee confirms that he/she is aware of the provisions of Section 102 and the Elected tax track and agrees to the provisions of the Trust Note between the Company and the Trustee, and undertakes not to release, by sale or transfer, the 102 Trustee Options, and the Exercised Shares issued pursuant to the exercise thereof, and all rights attached thereto (including bonus shares) prior to the lapse of the Restricted Period. The Israeli Grantee shall not be entitled to sell or release from trust the 102 Trustee Options, nor the Exercised Shares issued pursuant to the exercise thereof, nor any right attached thereto (including bonus shares), nor to request the transfer or sale of any of the same to any third party, before the lapse of the Restricted Period. Notwithstanding the above, if any such sale or transfer occurs during the Restricted Period, the sanctions under Section 102 of the Ordinance and under any rules or regulation or orders or procedures promulgated thereunder shall apply to and shall be borne by such Israeli Grantee.

(c) Without derogating and subject to the above, and to all other applicable restrictions in the Plan, this Sub-Plan, the Option Agreement and applicable Law, the Trustee shall not release, by sale or transfer, the Exercised Shares issued pursuant to the exercise of the 102 Trustee Options, and all rights attached thereto (including bonus shares) to the Israeli Grantee, or to any third party to whom the Israeli Grantee wishes to sell the Exercised Shares (unless the contemplated transfer is by will or laws of descent) unless and until the Trustee has either (a) withheld payment of all taxes required to be paid upon the sale or transfer thereof, if any, or (b) received confirmation either that such payment, if any, was remitted to the tax authorities or of another arrangement regarding such payment, which is satisfactory to the Company and the Trustee. For the removal of doubt, it is clarified that the Trustee may release by sale or transfer to a third party only Exercised Shares (and not Options).

4.11 *Rights as Stockholder*:

Without derogating from the provisions of the Plan, it is hereby further clarified that with respect to Exercised Shares issued pursuant to the exercise of 102 Trustee Options, as long as they are registered in the name of the Trustee, the Trustee shall be the registered owner of such shares. Notwithstanding, the Trustee shall not exercise the voting rights conferred by such Exercised Shares in any way whatsoever, and shall not issue a proxy to any person or entity to vote such shares (other than to the applicable Israeli Grantee, subject to and in accordance with the provisions of Section 102). Notwithstanding, the Company shall be entitled at its sole discretion, and not required, to distribute dividends directly to the Trustee and the Trustee shall make reasonable efforts to remit the amount of cash dividends to the Israeli Grantees who is entitled to the Exercised Shares for which the dividends are being paid or distributed, subject to any applicable taxation on such distribution of dividend, applicable laws and the withholding thereof.

4.12 *Bonus Shares*:

All bonus shares to be issued by the Company, if any, with regard to Exercised Shares issued pursuant to the exercise of 102 Trustee Options, while held by the Trustee, shall be registered in the name of the Trustee; and all provisions applying to such Exercised Shares shall apply to bonus shares issued by virtue thereof, if any, *mutatis mutandis*. Said bonus shares shall be subject to the Restricted Period of the Exercised Shares by virtue of which they were issued.

4.13 *Voting:*

Without derogating from the provisions of Section 10.2 of the Plan, with respect to Exercised Shares of 102 Trustee Options, such Exercised Shares shall be voted in accordance with the provisions of Section 102.

4.14. *Conditions of Issuance:*

Without derogating from the provisions of Section 7.6 of the Plan, and in addition thereto, the arrangements with the ITA referred to therein shall, in the event of 102 Trustee Options also need to be satisfactory to the Trustee.

5. 102 Non-Trustee Options

5.1 102 Non-Trustee Options granted hereunder shall be granted to, and the Exercised Shares issued pursuant to the exercise thereof, issued to, the Israeli Grantee.

5.2 Without derogating and subject to the above, and to all other applicable restrictions in the Plan, this Sub-Plan, the Option Agreement and applicable Law, the Exercised Shares issued pursuant to the exercise of the 102 Non-Trustee Options, and all rights attached thereto (including bonus shares) shall not be transferred unless and until the Company has either (a) withheld payment of all taxes required to be paid upon the sale or transfer thereof, if any, or (b) received confirmation either that such payment, if any, was remitted to the ITA or of another arrangement regarding such payment, which is satisfactory to the Company.

5.3 An Israeli Grantee to whom 102 Non-Trustee Options are granted must provide, upon termination of his/her employment, a surety or guarantee to the satisfaction of the Company, to secure payment of all taxes which may become due upon the future transfer of his/her Exercised Shares to be issued upon the exercise of his/her outstanding 102 Non-Trustee Options, all in accordance with the provisions of Section 102.

6. 3(i) Options

6.1 3(i) Options granted hereunder shall be granted to, and the Exercised Shares issued pursuant thereto issued to, the Israeli Grantee.

6.2 Without derogating and subject to the above, and to all other applicable restrictions in the Plan, this Sub-Plan, the Option Agreement and applicable law, the Exercised Shares issued pursuant to the exercise of the 3(i) Options, and all rights attached thereto (including bonus shares) shall not be transferred unless and until the Company has either (a) withheld payment of all taxes required to be paid upon the sale or transfer thereof, if any, or (b) received confirmation either that such payment, if any, was remitted to the tax authorities or of another arrangement regarding such payment, which is satisfactory to the Company.

6.3 The Company may require, as a condition to the grant of the 3(i) Options, that an Israeli Grantee to whom 3(i) Options are to be granted, provide a surety or guarantee to the satisfaction of the Company, to secure payment of all taxes which may become due upon the future transfer of his/her Exercised Shares to be issued upon the exercise of his/her outstanding 3(i) Options.

7. Tax Consequences

Without derogating from and in addition to any provisions of the Plan, any and all tax and/or other mandatory payment consequences arising from the grant or exercise of Options, the payment for or the transfer or sale of Exercised Shares, or from any other event or act in connection therewith (including without limitation, in the event that the Options do not qualify under the tax classification/tax track in which they were intended) whether of the Company, an Affiliated Company, the Trustee or the Israeli Grantee, including without limitation any non-compliance of the Israeli Grantee with the provisions hereof, shall be borne solely by the Israeli Grantee. The Company, any applicable Affiliated Company, and the Trustee, may each withhold (including at source), deduct and/or set-off, from any payment made to the Israeli Grantee, the amount of the taxes and/or other mandatory payments the of which is required with respect to the Options and/or Exercised Shares. Furthermore, each Israeli Grantee shall indemnify the Company, the applicable

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Affiliated Company and the Trustee, or any one thereof, and to hold them harmless from any and all liability for any such tax and/or other mandatory payments or interest or penalty thereupon, including without limitation liabilities relating to the necessity to withhold, or to have withheld, any such tax and/or other mandatory payments from any payment made to the Israeli Grantee.

Without derogating from the aforesaid, each Israeli Grantee shall provide the Company and/or any applicable Affiliated Company with any executed documents, certificates and/or forms that may be required from time to time by the Company or such Affiliated Company in order to determine and/or establish the tax liability of such Israeli Grantee.

Without derogating from the foregoing, it is hereby clarified that the Israeli Grantee shall bear and be liable for all tax and other consequences in the event that his/her 102 Trustee Options and/or the Exercised Shares issued pursuant to the exercise thereof are not held for the entire Restricted Period, all as provided in Section 102.

The Company and or when applicable the Trustee shall not be required to release any Share Certificate (or any Shares issued in book entry form) to an Israeli Grantee until all required payments have been fully made.

8. Currency Exchange Rates

Except as otherwise determined by the Board, all monetary values with respect to Options granted pursuant to this Sub-Plan, including without limitation the Fair Market Value and the Exercise Price of each Option, shall be stated in United States Dollars. In the event that the Exercise Price is in fact to be paid in New Israeli Shekels, at the sole discretion of the Board, the conversion rate shall be the last known representative rate of the US Dollar to the New Israeli Shekels on the date of payment.

9. Subordination to the Ordinance

9.1 It is clarified that the grant of the 102 Trustee Options hereunder is subject to the approval by the ITA of the Plan, this Sub-Plan and the Trustee, in accordance with Section 102.

9.2 Any provisions of the Section 102 or Section 3(i) of the Ordinance and/or any of the rules or regulations promulgated thereunder, which is not expressly specified in the Plan or in the applicable Option Agreement, including without limitation any such provision which is necessary in order to receive and/or to keep any tax benefit, shall be deemed incorporated into this Sub-Plan and binding upon the Company, and applicable Affiliated Company and the Israeli Grantee.

9.3 With regards to 102 Trustee Option, the provisions of the Plan and/or this Sub-Plan and/or the Option Agreement shall be subject to the provisions of Section 102 and the Tax Assessing Officer's permit, and the said provisions and permit shall be deemed an integral part of the Plan and of this Sub-Plan and of the Option Agreement.

9.4 The Options, the Plan, this Sub-Plan and any applicable Option Agreements are subject to the applicable provisions of the Ordinance, which shall be deemed an integral part of each, and which shall prevail over any term that is inconsistent therewith.

9.5 Any provision of Section 102 and/or the said permit which is necessary in order to receive and/or to keep any tax benefit pursuant to Section 102, which is not expressly specified in the Plan or the Sub Plan or the Option Agreement, shall be considered binding upon the Company and the Israeli Grantees.

POLYPID LTD. 2012 SHARE OPTION PLAN
Sub-Plan for U.S. Persons

1. Purpose of the Sub-Plan

This Sub-Plan (the "**Sub-Plan"**) is part of the 2012 Share Option Plan of PolyPid Ltd. (the "**Plan"**) and is adopted by the Board pursuant to Section 1.24 of Annex A of the Plan. All terms not otherwise defined herein shall have the meaning ascribed to them in the Plan. This Sub-Plan governs grants of Options to United States employees, officers, consultants, and other service providers.

2. Provisions of the Sub-Plan

The provisions of this Sub-Plan shall supersede and govern in the case of inconsistency between the provisions of this Sub-Plan and the provisions of the Plan; provided, however, that this Sub-Plan shall not be construed to grant to any Grantee rights not consistent with the terms of the Plan, unless specifically provided herein.

3. Shares Available for Allocation; Other Board Limitations

10,000,000 (ten million) shares may be granted pursuant to this Sub-Plan as ISOs (as defined below). Shares underlying ISOs that fail to vest or be fully exercised prior to expiration or other termination shall again become available for grant as ISOs pursuant to this Sub-Plan as permitted by applicable law.

Notwithstanding Section 3.2 or 3.3 of the Plan, no changes by the Board shall, without approval of the Company's shareholders: (a) increase the total number of Shares available for grant pursuant to this Sub-Plan as ISOs, except by operation of the provisions of Section 12 of the Plan; (b) change the class of persons eligible to receive grants pursuant to this Sub-Plan; or (c) extend the date on which ISOs can be granted pursuant to this Sub-Plan beyond the tenth (10^{th}) anniversary of the earlier of the date the Board adopts this Sub-Plan or the date of shareholder approval described in the preceding paragraph.

4. Eligibility

The individuals who shall be eligible to receive Options under the Plan that are subject to the provisions of this Sub-Plan shall be employees, directors, and other individuals and entities who are United States citizens or who are resident aliens of the United States for United States federal tax purposes (collectively, "**U.S. Persons**") and who render services to the management, operation or development of the Company or an Affiliated Company and who have contributed or may be expected to contribute materially to the success of the Company or an Affiliated Company.

5. Terms and Conditions of Options

(a) In General. Every Option granted to a U.S. Person shall be evidenced by an Option Agreement in such form as the Board shall approve from time to time, specifying the number of Shares, the time or times at which the Option shall become exercisable in whole or in part, whether the Option is intended to be an incentive stock option ("**ISO**") or a nonqualified stock option ("**NSO**"), and such other terms and conditions as the Board shall approve, and containing or incorporating by reference the terms and conditions set forth in this Sub-Plan. The Plan and this Sub-Plan shall be administered in such a manner as to permit those Options granted hereunder and specially designated as an ISO to qualify as incentive stock options as described in Section 422 of United States Internal Revenue Code of 1986, as amended (the "**Code**").

(b) Limitations Relating to ISOs.

(i) ISOs shall not be granted to any person who is not an employee of the Company or an affiliate satisfying the requirements of Code Sections 424(e) or 424(f) (generally, a corporation in the group with respect to which there is at least fifty percent (50%) voting power) (for purposes of this Sub-Plan, an "ISO Corporation").

(ii) The special United States federal tax rules applicable to ISOs are not available to an ISO that is exercised at any time later than three (3) months following termination of employment with an ISO Corporation. Accordingly, such an Option (if otherwise exercisable) shall be treated as an NSO upon exercise, rather than an ISO, for United States tax purposes.

(iii) Notwithstanding Section 7.3 of the Plan, no ISO granted to a Grantee who owns (directly or under the attribution rules of Code Section 424(d)) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any ISO Corporation shall expire later than five (5) years from its date of grant.

(iv) Method of Exercise. Unless otherwise provided in the applicable Option Agreement, an ISO may be exercised only using any of the following methods:

(A) In cash or by check, payable to the order of the Company;

(B) By payment in cash or by check, payable to the order of the Company, of the par value of the Shares to be acquired and by payment of the balance of the exercise price in whole or in part by delivery of the Grantee's recourse promissory note, in a form specified by the Board and to the extent consistent with applicable law, secured by the Shares acquired upon exercise of the Option and such other security as the Board may require;

(C) By (1) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (2) delivery by the Grantee to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(D) By delivery (either by actual delivery or attestation) of Shares owned by the Grantee valued at their Fair Market Value, provided (1) the method of payment is then permitted under applicable law, (2) the Shares, if acquired directly from the Company, was owned by the Grantee for a minimum period of time, if any, as may be established by the Board in its sole discretion, and (3) the Shares is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements; or

(E) By any combination of the above permitted forms of payment.

In no event shall the "net exercise" method be used to exercise an ISO.

(v) Notice of ISO Stock Disposition. The Grantee must notify the Company promptly in the event that the Grantee sells, transfers, exchanges or otherwise disposes of any Shares issued upon exercise of an ISO before the later of (i) the second (2nd)

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anniversary of the date of grant of the ISO or (ii) the first (1st) anniversary of the date the shares were issued upon his exercise of the ISO.

(d) Exercise Price. The exercise price of each Option shall be as specified by the Board in its discretion; provided, however, that the price shall be at least 100 percent (100%) of the Fair Market Value of the Shares on the date on which the Board grants the Option (or such later date as the Board shall specify), which shall be considered the date of grant of the Option for purposes of fixing the price; and provided, further, that the price with respect to an ISO granted to a Grantee who at the time of grant owns (directly or under the attribution rules of Code Section 424(d)) stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or of any ISO Corporation shall be at least 110 percent (110%) of the Fair Market Value of the Shares on the date of grant of the ISO.

(e) Effect of Cessation of Employment or Service Relationship. The Board shall determine in its discretion and specify in each applicable Option Agreement the effect, if any, of the termination of the Grantee's employment with or performance of services for the Company or any Affiliated Company on the exercisability of the Option.

(f) No Rights as Stockholder. . A Grantee shall have no rights as a stockholder with respect to any Shares covered by an Option until the date of issuance of a stock certificate (or book entry is made) to him or her for the Shares. No adjustment shall be made for dividends or other rights for which the record date is earlier than the date the stock certificate is issued (or book entry is made), other than as required or permitted by the Plan.

For the avoidance of doubt, the provisions of Section 10.2 of the Plan shall apply to any Shares issued pursuant to the exercise of an Option.

(g) Certain Adjustments Prohibited. Notwithstanding any provision in Sections 3.2.5, 7.4.2 or 12 of the Plan, no adjustment shall be made to the terms or conditions of an Option under the terms of the Plan unless the adjustment would not otherwise cause adverse tax consequences to the Grantee under Code Section 409A or result in the loss of ISO status under Code Section 424 (without the Grantee's consent).

6. Requirements of Law

(a) The Company shall not be required to transfer Shares or to sell or issue any Shares upon the exercise of any Option if the issuance of such Shares will result in a violation by the Grantee or the Company of any provisions of any law, statute or regulation of any governmental authority. Specifically, in connection with the Securities Act of 1933, as amended from time to time (the "**Securities Act**"), upon the exercise of any Option, the Company will not be required to issue Shares unless the Board has received evidence satisfactory to it to the effect that the holder of the Option will not transfer such shares except pursuant to a registration statement in effect under the Securities Act or unless an opinion of counsel satisfactory to the Company has been received by the Company to the effect that registration is not required. Any determination in this connection by the Board shall be conclusive. The Company shall not be obligated to take any other affirmative action in order to cause the exercise of an Option to comply with any law or regulations of any governmental authority, including, without limitation, the Securities Act or applicable state securities laws in the United States.

(b) All other provisions of this Sub-Plan and the Plan notwithstanding, this Sub-Plan and the Plan shall be administered and construed so as to avoid any person who receives an Option Grant incurring any adverse tax consequences under Code Section 409A. The Board shall suspend the application of any provisions of the Plan which could, in its sole determination, result in an adverse tax consequence to any person under Code Section 409A.

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7. Tax Withholding

To the extent required by law, the Company may withhold or cause to be withheld income and other taxes with respect to any income recognized by a Grantee by reason of the exercise of an Option, and as a condition to the receipt of any Option the Grantee shall agree that if the amount payable to him or her by the Company or any Affiliated Company employing the Grantee in the ordinary course is insufficient to pay such taxes, then the Grantee shall upon the request of the Company pay to the Company an amount sufficient to satisfy its tax.

Exhibit 10.3

AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (this "**Agreement**"), is made as of the 31 day of October, 2017, by and among (i) PolyPid Ltd., an Israeli private company (the "**Company**"), (ii) the entities and individuals identified in Schedule 1 attached hereto (collectively, the "**Existing Investors**"), and (iii) the individuals and entities identified in Schedule 2 hereto (the "**Series E Investor**", and together with the Existing Investors, the "**Investor(s)**").

RECITALS

WHEREAS, the Company and the Series E Investor (the "**Purchaser**") are parties to the Securities Purchase Agreement dated October 31, 2017 (the "**Purchase Agreement**"); and

WHEREAS, the Company and the Existing Investors are parties to an Amended and Restated Investors' Rights Agreement dated August, 2016 (the "**Current IRA**"); and

WHEREAS, in order to induce the Company to enter into the Purchase Agreement and to induce the Purchaser to invest funds in the Company pursuant to the Purchase Agreement, the Investors and the Company hereby agree that this Agreement shall amend and restate, and supersede in its entirety, the Current IRA, and shall govern the rights of the Investors to cause the Company to register Company shares issued or issuable to the Investors, to receive certain information from the Company, and certain other matters as set forth in this Agreement.

NOW, THEREFORE, the parties hereby agree to amend and restate the Current IRA as follows:

1. Definitions. For purposes of this Agreement:

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.

1.2 "**Amended AOA**" means the Company's Amended and Restated Articles of Association, as defined in and adopted in conjunction with the closing of the Purchase Agreement ("**Closing**"), as may be lawfully amended from time to time in accordance with its terms and applicable law.

1.3 "**Damages**" means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation

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by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

1.4 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.5 "**Form F-1**" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

1.6 "**Form F-3**" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed or to be filed in the future by the Company with the SEC.

1.7 "**IFRS**" means International Financial Reporting Standards.

1.8 "**Holder**" means any holder of Registrable Securities who is a party to this Agreement.

1.9 "**Initiating Holders**" means, collectively, Holders who properly initiate a registration request under this Agreement.

1.10 "**IPO**" means the Company's first underwritten public offering of its Ordinary Shares under the Securities Act.

1.11 "**Majority in Interest**" means such holders of Remaining Preferred Shares of the Company holding more than 50% of the issued and outstanding Remaining Preferred Shares held by all of the holders of Remaining Preferred Shares.

1.12 "**Major Shareholder**" means: (i) the Series D Investors, (ii) the Series D-3 Investor, (iii) the Series E Investor, and (iv) any other Investor hereunder that, individually or together with such Investor's Permitted Transferee (as defined in the Amended AOA), holds, at the relevant time, at least 3% of the Company's equity on a fully-diluted basis.

1.13 "**Majority Investors**" shall mean the shareholders holding the majority (more than 50%) of the issued and outstanding Series E Preferred Shares, Series D-1 Preferred Shares, Series D-2 Preferred Shares and Series D-3 Preferred Shares, *pari passu*, on an as converted basis, which majority shall in all events include the Lead Investor, as long as the Lead Investor (and its Permitted Transferees) (as such terms are defined in the Amended AOA) continues to hold at least 50% of the Series D-1 Preferred Shares issued to it at the closing of the Series D-1 Securities Purchase Agreement (not including, for the avoidance of doubt, any Warrant Shares).

1.14 "**Ordinary Shares**" means the Ordinary Shares of the Company, par value NIS 0.10 per share.

1.15 "**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

1.16 "**Preferred Shares**" means Series A Preferred Shares, nominal value NIS 0.10 per share (the "**Series A Preferred Shares**"), Series A-1 Preferred Shares, nominal value NIS 0.10 per share (the "**Series A-1 Preferred Shares**"), Series B Preferred Shares, nominal value NIS 0.10 per share (the "**Series B Preferred Shares**"), Series B-1 Preferred Shares, nominal value NIS 0.10 per share (the "**Series B-1 Preferred Shares**"), Series C-1 Preferred Shares, nominal value NIS 0.10 per share (the "**Series C-1 Preferred Shares**"), Series C-2 Preferred Shares, nominal value NIS 0.10 per share (the "**Series C-2 Preferred Shares**", and together with the Series C-1 Preferred Shares, the "**Series C Preferred Shares**"), Series D-1 Preferred Shares, nominal value NIS 0.10 per share (the "**Series D-1 Preferred Shares**") Series D-2 Preferred Shares, nominal value NIS 0.10 per share (the "**Series D-2 Preferred Shares**"), Series D-3 Preferred Shares, nominal value NIS 0.10 per share (the "**Series D-3 Preferred Shares**" and together with the Series D-1 Preferred Shares and Series D-2 Preferred Shares, the "**Series D Preferred Shares**") and Series E Preferred Shares, nominal value NIS 0.10 per share (the "**Series E Preferred Shares**"), and "**Remaining Preferred Shares**" means all Preferred Shares other than the Series D Preferred Shares.

1.17 "**Registrable Securities**" means (i) the Ordinary Shares issuable or issued upon conversion of the Preferred Shares; (ii) any Ordinary Shares issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Company acquired by the Investors after the date hereof, including but not limited to the Warrant Shares; and (iii) any Ordinary Shares issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend, upon any stock split or other distribution with respect to, or in exchange for or in replacement of, the shares referenced in clauses (i) and (ii) above.

1.18 "**Registrable Securities then outstanding**", or similar term, means the number of shares determined by adding the number of outstanding Ordinary Shares that are Registrable Securities and the number of Ordinary Shares issuable (directly or indirectly) pursuant to then exercisable and/or convertible securities that are Registrable Securities.

1.19 "**Restricted Securities**" means the securities of the Company required to be notated with the legend set forth in Subsection 2.12(b) hereof.

1.20 "**SEC**" means the Securities and Exchange Commission.

1.21 "**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

1.22 "**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

1.23 "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.24 "**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, fees paid to financial

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advisors of the Company and any press releases expenses and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Subsection 2.6.

1.25 **"Series D Investors"** means any holder of Series D-1 Preferred Shares and/or a Warrant for the Warrant Shares.

1.26 "**Warrant Shares**" means the Series D-2 Preferred Shares issued or issuable upon exercise of the warrants granted by the Company to the Series D Investors, as detailed on the Capitalization Table attached hereto as Schedule 3 (the "**Warrants**" and the "**Cap Table**" respectively), and shall include the Ordinary Shares into which such Warrant Shares may be convertible at any time.

2. Registration Rights. The Company covenants and agrees as follows:

2.1 Demand Registration.

(a) Form F-1 Demand. If at any time after one hundred eighty (180) days after the effective date of the registration statement for the IPO the Company receives a request from the Majority Investors or the Majority in Interest that the Company file a Form F-1 registration statement with respect to Registrable Securities of such Holders having an anticipated aggregate public offering price (net of underwriting discounts and commissions) of at least seven-and-a-half million dollars ($7,500,000), then the Company shall (x) within twenty (20) days after the date such request is given, give notice thereof (the "**Demand Notice**") to all Holders other than the Initiating Holders, and (y) as soon as practicable, and in any event within ninety (90) days after the date such request is given by the Initiating Holders, file a Form F-1 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holder, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c), 2.1(d) and 2.3.

(b) Form F-3 Demand. If at any time when it is eligible to use a Form F-3 registration statement, the Company receives a request from the Majority Investors or the Majority in Interest that the Company file a Form F-3 registration statement with respect to Registrable Securities of such Holders having an anticipated aggregate public offering price (net of underwriting discounts and commissions) of at least $3,000,000, then the Company shall (i) within twenty (20) days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within forty-five (45) days after the date such request is given by the Initiating Holders, file a Form F-3 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company

within fourteen (14) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c),2.1(d) and 2.3. Notwithstanding the foregoing to the contrary, following the date on which the Company has received at least two requests under

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this Section from the Majority in Interest, then the majority of each class of Preferred Shares shall have a right to demand F-3 registration pursuant to this Section 2.3(b).

(c) Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration pursuant to this Subsection 2.1 a certificate signed by the Company's chief executive officer stating that in the good faith judgment of the Company's Board of Directors it would be materially detrimental to the Company for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing (and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly), for a period of not more than ninety (90) days after the request of the Initiating Holders is given; provided, however, that the Company may not invoke this right more than once in any twelve (12) month period; and provided further that the Company shall not register any securities for its own account or that of any other shareholder during such ninety (90) day period.

(d) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(a): (i) during the period that is sixty (60) days before the Company's good faith estimate of the date of filing of, and ending on a date that is one hundred and eighty (180) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith best efforts to cause such registration statement to become effective; (ii) after the Company has effected two registrations pursuant to Subsection 2.1(a) initiated by the Majority Investors and two registrations pursuant to Subsection 2.1(a) initiated by the Majority in Interest; or (iii) if the Initiating Holders propose to dispose of shares of Registrable Securities, all of which may be immediately registered on Form F-3 pursuant to a request made pursuant to Subsection 2.1(b). The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(b) if the Company has effected two registrations pursuant to Subsection 2.1(b) within the twelve (12) month period immediately preceding the date of such request. A registration shall not be counted as "effected" for purposes of this Subsection 2.1(d) until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one demand registration statement pursuant to Subsection 2.6, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Subsection 2.1(d).

2.2 Company Registration. If the Company proposes to register (including, for this purpose, any registration effected by the Company on Form F-1, any registration effected by the Company for any shareholder(s) other than the Holders, and any registration on Form F-3 in which shares of any shareholder will be registered, but not including the IPO, 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

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information statement covering the sale of the Registrable Securities), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Subsection 2.3, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Subsection 2.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration; the expenses of such withdrawn registration shall be borne by the Company in accordance with Subsection 2.6.

2.3 Underwriting Requirements.

(a) If, pursuant to Subsection 2.1, the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Subsection 2.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Company and shall be reasonably acceptable to majority in interest of the Initiating Holders. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Subsection 2.4(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Subsection 2.3, if the managing underwriter advises the Initiating Holders and/or the Company in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Company shall advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated as follows: first, Registrable Securities which are, or which derive from, the Series E Preferred Shares (collectively, the "**Series E Registrable Securities**") (pro rata to the respective number of Registrable Securities required by the Holders thereof to be included in the registration); second, to the extent possible, Registrable Securities which are, or which derive from, the Series D Preferred Shares, including for such purpose, the Warrant Shares (collectively, the "**Series D Registrable Securities**") (pro rata to the respective number of Registrable Securities required by the Holders thereof to be included in the registration); and third, to the extent possible, other Registrable Securities (pro rata to the respective number of Registrable Securities requested by the Holders thereof to be included in the registration); provided, however, that in any event all Registrable Securities must be included in such registration prior to any other shares of the Company or its shareholders of shares which are not "Registrable Securities" under this Agreement.

(b) In connection with any offering involving an underwriting of shares of the Company's capital stock pursuant to Subsection 2.2 (Company Registration), 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, and then only in such quantity as the underwriters in their reasonable discretion determine will not jeopardize the success of the offering by the Company. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included

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in such offering, then the Registrable Securities that are included in such offering shall be allocated as follows: first, all the securities to be included by the Company, second, to the extent possible, the Series E Registrable Securities (pro rata to the respective number of Registrable Securities required by the Holders thereof to be included in the registration); third, to the extent possible, the Series D Registrable Securities (including for such purpose, the Warrant Shares) (pro rata to the respective number of Registrable Securities required by the Holders thereof to be included in the registration); fourth, to the extent possible, other Registrable Securities (pro rata to the respective number of Registrable Securities requested by the Holders thereof to be included in the registration); and fifth, to the extent possible, other shares (pro rata to the respective number of such shares requested by the holders thereof to be included in the registration). Notwithstanding the foregoing, (i) in no event shall the number of Series E Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering, and (ii) in no event shall the number of Series E Registrable Securities and Series D Registrable Securities included in the offering be reduced below fifty percent (50%) of the total number of securities included in such offering, unless such offering is the IPO, in which case the selling Holders may be excluded further if the underwriters make the determination described above and no other shareholders' securities are included in such offering. For purposes of the provision in this Subsection 2.3(b) concerning apportionment, any selling Holder's holdings shall be aggregated with the holdings of its Permitted Transferees, which shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

(c) For purposes of Subsection 2.1, a registration shall not be counted as "effected" if, as a result of an exercise of the underwriter's cutback provisions in Subsection 2.3(a), fewer than fifty percent (50%) of the total number of Registrable Securities that Holders have requested to be included in such registration statement are actually included.

2.4 Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter, from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities on Form F-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such one hundred twenty (120) day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are either sold or may be sold in accordance with Rule 144 (other than control securities);

(b) 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 Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such number of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its best efforts to register and qualify the securities covered by such registration statement under such other securities and/or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) use its best efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to Section 2, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to 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, and 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, and to the Holders requesting registration of Registrable Securities;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed, or the

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happening of any event 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; and

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

2.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities.

2.6 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements of one counsel for the selling Holders ("**Selling Holder Counsel**"), shall be borne and paid by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Subsection 2.1 if the registration request is subsequently withdrawn at the request of the Initiating Holders (in which case all selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Initiating Holders agree to forfeit their right to one registration pursuant to Subsection 2.1(a) or 2.1(b), as the case may be; provided further that if, at the time of such withdrawal, the Holders shall have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information, then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one of their registrations pursuant to Subsection 2.1(a) or 2.1(b). All Selling Expenses relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

2.7 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.8 Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and shareholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such

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Holder or underwriter within the meaning of the Securities Act or the Exchange Act (collectively, "**Holder Indemnitees**"), against any Damages, and the Company will pay to each such Holder Indemnitee any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld or delayed, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration and, provided, further, that the foregoing indemnity obligations are subject to the condition that, insofar as it relates to any untrue statement or omission (or alleged untrue statement or omission) made in the preliminary prospectus but eliminated or remedied in the amended prospectus on file with the SEC at the time the registration statement becomes effective or in the final prospectus filed with the SEC, such indemnity agreement shall not inure to the benefit of the Holder's Indemnitees, if a copy of the amended or final prospectus was not furnished to the Person asserting the loss, liability, suit, claim or damage at or prior to the time such furnishing is required by any applicable securities law and such that the amended or final prospectus would have cured the defect giving rise to such loss, liability, suit, claim or damage.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld or delayed; and provided further that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Subsections 2.8(b) and 2.8(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Subsection 2.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Subsection 2.8, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires,

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participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the

commencement of any such action shall only relieve such indemnifying party of any liability to the indemnified party under this Subsection 2.8 to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Subsection 2.8.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either: (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Subsection 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Subsection 2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Subsection 2.8, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder's liability pursuant to this Subsection 2.8(d), when combined with the amounts paid or payable by such Holder pursuant to Subsection 2.8(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(e) 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 Subsection 2.8 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

(f) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

2.9 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form F-3, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after it has become subject to such reporting requirements), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form F-3 (at any time after the Company so qualifies); and (ii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form F-3 (at any time after the Company so qualifies to use such form).

2.10 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company may not enter into any agreement with any holder or prospective holder of any securities of the Company that would, among others, (i) allow such holder or prospective holder to include such securities in any registration unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the number of the Registrable Securities of the Holders that are included; or (ii) allow such holder or prospective holder to initiate a demand for registration of any securities held by such holder or prospective holder, or otherwise grant such holder senior registration rights, without the approval of the Majority Investors; provided however that the Series D Preferred Shares held by any holder of Series D Preferred Shares (or its Permitted Transferees) investing in the financing that calls for grant of senior registration rights, or registration rights which will comply with either sub-section (i) or (ii) above, beyond its or their pre-emptive rights pursuant to Article 14 of the Amended AOA, shall not be counted towards achieving such majority. For the avoidance of any doubt, it is hereby clarified that if the Company shall issue additional Series D Preferred Shares and grant such holders the same registration rights granted to the holders of Series D Preferred Shares under

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this Agreement, the foregoing shall not require the consent of the majority of the investors as stated above.

2.11 "Market Stand-off" Agreement. Each Holder hereby agrees that such Holder shall not, without the prior written consent of the managing underwriter, (i) sell, pledge or otherwise transfer or dispose of any Ordinary Shares (or other securities) of the Company held by such Holder, 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 such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Ordinary Shares or other securities, in cash, or otherwise, for a period specified by the Company or the representative of the underwriters not to exceed one hundred eighty (180) days following the effective date of the registration statement of the Company filed under the Securities Act with respect to the IPO, provided that:

(a) such agreement shall apply only to the Company's IPO;

(b) all officers and directors of the Company, all shareholders of the Company holding at least 1% of the outstanding share capital and holders of registration rights enter into similar agreements; and

(c) any discretionary waiver, release or termination of the foregoing restriction shall apply to all holders of share capital of the Company, on a pro rata basis.

The foregoing provisions of this Subsection 2.11 (1) shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, or the transfer of any shares to any Permitted Transferee of the Holder, provided that the Permitted Transferee agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value and (2) shall not be construed as to prohibit or limit the exercise of warrants or options during such period. The underwriters in connection with such registration are intended third-party beneficiaries of this Subsection 2.11 and shall have the right, power and authority to enforce the provisions hereof as though they were parties 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 Subsection 2.11 or that are necessary to give further effect thereto.

2.12 Restrictions on Transfer.

(a) The Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act and the Israeli Securities Laws and Companies Laws. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(b) Each certificate, instrument, or book entry representing shares of the Company be notated with a legend substantially in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"). SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE ACT OR AN OPINION OF THE ISSUER'S COUNSEL THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN INVESTORS' RIGHTS AGREEMENT BETWEEN THE COMPANY, THE SHAREHOLDER, AND OTHER PARTIES, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Subsection 2.12.

(c) The holder of such Restricted Securities, by acceptance of ownership thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who, and whose legal opinion, shall be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a legal opinion or "no action" letter (x) in any transaction in compliance with SEC Rule 144; or (y) in any transaction in which such Holder distributes Restricted Securities to a Permitted Transferee of such Holder for no consideration; provided that each transferee agrees in writing to be subject to the terms of this Subsection 2.12. Each certificate, instrument, or book entry representing the Restricted Securities transferred as above provided shall be notated with, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Subsection 2.12(b), except that such certificate instrument, or book entry shall not be notated with such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

2.13 Foreign Jurisdiction. If, upon the consent of the Majority Investors, the IPO, or any other registration of Company shares, is effected in a jurisdiction other than the United States, the provisions hereof shall apply in respect thereto, and to the laws of such jurisdiction, *mutatis mutandis*.

2.14 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Subsections 2.1 or 2.2 shall terminate upon such time as SEC Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's shares without limitation during a three-month period without registration.

3. Information Rights. Delivery of Financial Statements. The Company shall deliver to each Major Shareholder:

(a) as soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Company: (i) a balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and a comparison between (x) the actual amounts as of and for such fiscal year and (y) the comparable amounts for the prior year and as included in the Budget (as defined below) for such year, with an explanation of any material differences between such amounts. The financial statements, all in reasonable detail, shall be United States dollar-denominated, and prepared in accordance with US GAAP; and audited and certified by independent public accountants of internationally recognized standing selected by the Company;

(b) as soon as practicable, but in any event within sixty (60) days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited but reviewed statements of income and cash flows for such fiscal quarter, and an unaudited balance sheet as of the end of such fiscal quarter, all prepared in accordance with US GAAP (except that such financial statements (i) may be subject to normal year-end audit adjustments and (ii) may not contain all notes thereto that may be required in accordance with US GAAP;

(c) as soon as practicable, but in any event within sixty (60) days after the end of each quarter of each fiscal year of the Company, a statement showing the number of shares of each class and series of share capital and securities convertible into or exercisable for 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 options (issued and not yet issued but reserved for issuance, if any), all in sufficient detail as to permit the Investors to calculate their respective percentage equity ownership in the Company on both issued and fully-diluted bases, and certified by the chief financial officer or chief executive officer of the Company as being true, complete, and correct;

(d) (i) as soon as practicable, but in any event thirty (30) days before the end of each fiscal year, a budget and business plan for the next fiscal year, approved by the Board of Directors and prepared by the management of the Company, in a form acceptable to the Majority Investors and (ii) such other information relating to the financial condition, business,

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prospects, or corporate affairs of the Company as any Major Shareholder may from time to time reasonably request;

(e) with respect to the financial statements called for in Subsection 3.1(a) and Subsection 3.1(b), an instrument executed by the chief financial officer and chief executive officer of the Company certifying that such financial statements were prepared in accordance with US GAAP consistently applied with prior practice for earlier periods (except as otherwise set forth in Subsection 3.1(b)) and fairly present the financial condition of the Company and its results of operation for the periods specified therein; and

(f) such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as any Major Shareholder may from time to time reasonably request.

If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated financial statements of the Company and all such consolidated subsidiaries.

Without derogating from the foregoing, the Company shall deliver to any shareholder which is either a public company, a regulated body or a provident fund ("**Regulated Body**"), upon its request, any information as may be requested and any other report or information required by it, in order to comply with any applicable law, including without limitation, Securities Laws, Stock Exchange rules and regulations and/or any request of the Stock Exchange, Securities Authority, Ministry of Finance or any other authority. Without derogating from the generality of the above, the Company is aware that such Regulated Bodies are subject to the Securities Law, 5728-1968 and the regulations promulgated thereunder (together the "**Securities Law**"), as well as to the instructions of the professional staff of the Israel Securities Authority (the "**Securities Authority**"). The Company hereby undertake, upon any Regulated Body's reasonable request, to make all commercially efforts to assist the Regulated Body to fulfill the aforementioned legal obligations.

3.2 Inspection. The Company shall permit, each Major Shareholder (provided that the Board of Directors has not reasonably determined that such Major Shareholder is a competitor of the Company), at such party's expense, to visit and inspect the Company's properties; examine its books of account and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by any Major Shareholder; provided, however, that the Company shall not be obligated pursuant to this Subsection 3.2 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company).

3.3 Termination of Covenants. The covenants set forth in Subsection 3.1 and Subsection 3.2 shall terminate and be of no further force or effect subject to and immediately before the consummation of the IPO (as defined in the Amended AOA).

3.4 Confidentiality. Each Investor agrees that such Investor will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement, 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 Subsection 3.4 by such Investor), (b) is or has been independently developed or conceived by the Investor without use of the Company's confidential information, or (c) is or has been made known or disclosed to the Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that an Investor may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any prospective purchaser of any Registrable Securities from such Investor, if such prospective purchaser agrees to be bound by the provisions of this Subsection 3.4; (iii) to any existing or prospective Affiliate, provided that such Investor informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (iv) as may otherwise be required by law, provided that the Investor promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

3.5 Cap Table. Each Existing Investor hereby confirms and acknowledges (i) that the Company equity set forth on the Cap Table attached hereto next to its name is a true, correct and accurate reflection of all of the Company equity owned by it and to which it is entitled, as of the date hereof, and immediately prior to and simultaneously with the Closing, and (ii) that except as set forth on the Cap Table attached hereto, it (A) does not, and shall not as of Closing, own any other Company securities, and (B) (except for preemptive rights and anti-dilution rights under certain circumstances, if any, in relation to future issuances by the Company, as set forth in the Amended AOA (as may be amended from time to time in accordance therewith and applicable law)) does not and shall not have any other rights to acquire any other Company securities from the Company, and (C) shall have no claims against the Company in connection with the issuance or non-issuance of any securities in the Company, and any such claims are hereby irrevocably waived in full by such Existing Investor.

3.6 Dividend Policy. As soon as is reasonably practicable after the end of each fiscal year and at such other time(s) as the Board of Directors of the Company ("Board") shall specify, the Board shall consider the distribution of some or all of the profits of the Company available for distribution to the Shareholders. The Board may, in making that determination, take into account the provisions of applicable law and the reasonable financial requirements of the Company. Notwithstanding the foregoing, until the payment in full to the holders of Series D Preferred Shares of their entire Series D Dividend Preference (as defined in the Amended AOA), if, at any time, the Company grants an exclusive license of its intellectual property or assets and as pursuant to such transaction, the Company has actually received non-refundable and non-contingent cash (revenues and/or receipts) in an amount which shall exceed US$ 50 Million (after deduction of VAT and any amounts paid in consideration for manufacturing, research and/or development and other third party expenses and royalties), then to the extent permitted under applicable law, and unless the Majority Investors otherwise agree, the Shareholders will recommend to the Board to distribute, in accordance with the Dividend Preference clause in the Amended AOA (Article 7), the balance of all of its distributable profits accumulated and undistributed in respect of prior periods to that date BUT after allowing for and/or deducting the Company's budgeted expenditure

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for the next ensuing twenty-four (24) months. This section will expire upon the consummation of a QPO (as defined in the Amended AOA).

4. Miscellaneous.

4.1 Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities; provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Subsection 2.11. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees 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 permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

4.2 Governing Law. This Agreement shall be exclusively governed and construed in accordance with the laws of the State of Israel, without regard to conflicts of laws provisions thereof.

4.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4.4 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

4.5 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) when sent by facsimile or email, with confirmation of transmission if sent during normal business hours of the recipient, if not, then on the next business day; (c) ten (10) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) two business days after deposit with an internationally-recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent out to the designated addressee as set forth in the respective purchase agreement of each Investor, or to the addresses provided by a party hereunder, as the case may be.

4.6 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the Majority Investors, provided however that any rights granted under this Agreement to the Majority in Interest specifically shall not be adversely affected without obtaining the consent of the Majority in Interest; it being clarified that granting senior registration rights to a senior class of shares shall not be deemed in and of itself adversely derogating from the rights of

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the Majority in Interest, the holders of Remaining Preferred Shares, or any other class of Remaining Preferred Shares. 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.

4.7 Severability. In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, which shall remain enforceable, to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, the portion of this Agreement containing any provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

4.8 Aggregation of Shares. All Registrable Securities held or acquired by Permitted Transferees of a Holder shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Permitted Transferees may apportion such rights as among themselves in any manner they deem appropriate.

4.9 Additional Investors. Subject to Section 2.10, if the Company issues additional Series E Preferred Shares after the date hereof, any purchaser of such Series E Preferred Shares shall become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an "Investor" hereunder.

4.10 Entire Agreement. (A) This Agreement (including any Schedules hereto and the preamble hereof which are integral parts hereof) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled. (B) Upon the effectiveness of this Agreement, the Current IRA including without limitation, the Founders Agreement entered into between the Company and Xenia on 2008 shall be, and shall be deemed for all purposes, amended, restated, and superseded in its entirety for all purposes.

4.11 Jurisdiction. The competent courts of Israel shall have jurisdiction over all matters relating to this Agreement.

4.12 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such non-breaching or non-defaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

PolyPid Ltd.

By (sign name): /s/Amir Weisberg

Print Name: Amir Weisberg

Title: CEO

Date: 8/15/2017

Rice Inc.

By (sign name): /s/Feng Sicheng

Print Name: Feng Sicheng

Title: Director

Date: 8/12/2017

Shavit Capital Fund III (US), L.P.

By: Shavit Capital Fund 3 GP, LP

By: Shavit Capital Management 3 (GP) Ltd., its general partner:

By (sign name): /s/Gary Leibler

Print Name: Gary Leibler

Title: Director

Date:

Gabriel Capital Fund (Israel), L.P.

By: Gabriel Capital Fund GP, LP

By: Gabriel Capital Management (GP) Ltd., its general partner:

By (sign name): /s/Gary Leibler

Print Name: Gary Leibler

Title: Director

Date:

Shavit Capital Fund 3 (Israel), L.P.

By: Shavit Capital Fund 3 GP, LP

By: Shavit Capital Management 3 (GP) Ltd., its general partner:

By (sign name): /s/Gary Leibler

Print Name: Gary Leibler

Title: Director

Date:

Gabriel Capital Fund (US), L.P.

By: Gabriel Capital Fund GP, LP

By: Gabriel Capital Management (GP) Ltd., its general partner:

By (sign name): /s/Gary Leibler

Print Name: Gary Leibler

Title: Director

Date:

[remaining signatures provided separately]

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Investors's Name: **CY COMPANY**

By (sign name): /s/Benny Chau

Print Name: Benny Chau

Title: Director

Date: 4/8/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Gov Financial Holdings Ltd.

By (sign name): /s/Leon Recanati

Print Name: Leon Recanati

Title: Chairman and CEO

Date: 4/12/2017

Master Toy Ltd.

By (sign name): /s/Guo Huiqin

Print Name: Guo Huiqin

Title: General Manager

Date: 10/20/2017

RFG

By (sign name): /s/Pierre Todi Tod

Print Name: Pierre Todi Tod

Title: DG

Date: 8/21/2017

Yehuda Nir

By: /s/Yehuda Nir

Date: 8/29/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Investor's Name: **Aurum Ventures M.K.I. Ltd.**

By (sign name): /s/Ilan Lior /s/Nir Dror

Print Name: Ilan Lior Nir Dror

Title: Authorized Signatories

Date: 12/5/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Investor's Name: **Shirat Hachaim Ltd.**

By (sign name): /s/Chaim Hurvitz

Print Name: Chaim Hurvitz

Title: CEO

Date: 8/27/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Investor's Name: **Galit Gallay**

By (sign name): /s/Galit Gallay

Date: 8/27/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Investor's Name: **Duotem Capital Limited**

By (sign name): /s/Philippe Metoudi

Print Name: Philippe Metoudi

Title: CEO

Date: 10/18/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Investor's Name: **Galit Friedman**

Avi Friedman

By (sign name): /s/Galit Friedman /s/Avi Friedman

Date: 10/1/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Investor's Name: **Hany Sualhi**

By (sign name): /s/Hany Sualhi

Date: 8/27/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Investor's Name: **Linda Yona Eligoulachvili**

By (sign name): /s/Linda Yona Eligoulachvili

Date: 9/4/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Investor's Name: **Alain Serge Eligoulachvili**

By (sign name): /s/Alain Serge Eligoulachvili

Date: 9/4/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Peradej Throngkitpaisan

By: /s/Peradej Throngkitpaisan

Date:

Krits Pitimana-aree

By: /s/Krits Pitimana-aree

Date:

Kanlaya Vimollohakarn

By: /s/Kanlaya Vimollohakarn

Date:

Orapin Tanapanpanit

By: /s/Orapin Tanapanpanit

Date:

Thanyaporn Supannarat

By: /s/Thanyaporn Supannarat

Date:

Benjawan Ekasingh

By: /s/Benjawan Ekasingh

Date:

Thamanat Prompow

By: /s/Thamanat Prompow

Date:

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Vanessa Wang

By: /s/Venessa Wang

Date: 10/17/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Mainfield Enterprises

By: /s/Eli Gadso

Name: Eli Gadso

Title: Authorized Signatory

Date: 10/19/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Investor's Name: **Gabriel Menaged**

By (sign name): /s/Gabriel Menaged

Date: 10/18/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Miron Yakuel

By: /s/Miron Yakuel

Date: 10/4/2017

Andre Rofe

By: /s/Andre Rofe

Date: 10/9/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Investor's Name: **Your Niece Limited**

By (sign name): /s/Alex Glasenberg

Print Name: Alex Glasenberg

Title: President

Date: 10/17/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Brad and Alexandra Krawcyzk

By: /s/Brad Krawcyzk

Date: 10/11/2017

Michelle Glasenberg

By: /s/Michelle Glasenberg

Date: 10/17/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Maya Halperin

By: /s/Maya Halperin

Date: 10/18/2017

Ronit Ben Aartzy

By: /s/Ronit Ben Aartzy

Date: 10/18/2017

Galit Gallay Friedman

By: /s/Galit Gallay Friedman

Date: 10/18/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Euro Asia Leasing Ltd.

By: Jiwen Ougang

Name: /s/Jiwen Ougang

Title: Legal Person

Date: 10/13/2017

IN WITNESS WHEREOF, the parties hereto have executed this Investors' Rights Agreement as of the date set forth in the first paragraph hereof.

Mirae Asset Daewoo Co., Ltd (as a trustee on behalf of ARAM VIX 334AA Specialized Private Securities Investment Trust I-1)

By: /s/Heekyung Choe

Name: Heekyung Choe

Title: Director

Date: 10/23/2017

SCHEDULE 1

Existing Investors

Rice Inc.
Xenia Venture Capital Ltd.
Amir Weisberg
Prof. David Segal
Aharon Lukach
Yosef Dotan
Yehuda Nir
Uri Rabinovitz
Zvi Pugach
Rami Lerner
Yehiella Metzger
Yafit Shtark
Yechezkel Berenholtz
Shirat Hachaim Ltd.
Aurius Trade Limited
RB Holding Company S.A.
Friendly Angels Club L.P.
David Lichtblau
Max Pohl
Orit Har-Even
Yaniv Amos
Mega Bridge Ltd.
Ramon Gustilo
Amiram Peleg
Itzhak Poran
Ido Grinberg
Yosef (Ayalon) Nemesh
Giora Hagity
Israel Harel
Amos Vizer
Aurum Ventures
Dan Gelvan
Nevat Simon
Raz Dlugin & Co.
Market Bridges Ltd.
Stark Investments (D.H) Ltd.
Neveh-Oded (Kopatch family)
Trans Opera SARL

Guibor, S.A
Financiere Saint James
AW Equity S.A
AHG Polypid LLC
GK Manitoba, LLC
Shavit Capital Fund III (US), L.P.
Shavit Capital Fund 3 (Israel). L.P.
Gabriel Capital Fund (US), L.P.

Gabriel Capital Fund (Israel), L.P.
Gov Financial Holdings Ltd.
East Bayview Holdings, LLC.
The Trust Under the Will of Irene Horn
Arc Group Holdings LLC
Gabriel Menaged
Marc Joseph Irrevocable Trust
Collace Services Ltd.
Harry Grynberg

Yelin Lapidot Provident Funds Management Ltd. on behalf of the following provident funds under their management:

Yelin Lapidot - Provident Bonds with max 25% equity (Gemel Ad 25% Menayot)
Yelin Lapidot - Provident Equities (Gemel Menayatit)
Yelin Lapidot - Education Bonds max 25% equity (Hishtalmut Ad 25% Menayot)
Yelin Lapidot -Severance General (Pitzuim Klali)
Yelin Lapidot - Provident funds- between the ages 50 to 60.
Yelin Lapidot - Education General (Hishtalmut Klali)
Yelin Lapidot - Education Equities (Hishtalmut Menayatit)

Aurum Ventures
Dan Gelvan
Shirat Hachaim Ltd.
Mega Bridge Ltd.
Israel Harel
Yehuda Nir
Aurius Trade Limited
Market Bridges Ltd.
AHG Polypid LLC
GK Manitoba, LLC
Friendly Angels Club L.P.
Stark Investments (D.H) Ltd.
Financiere Saint James
Gary Leibler

SCHEDULE 2

Series E Investor

CY Company
Master Toy Ltd.
RFG
Duotem Capital Limited
Shirat Hachaim Ltd.
Yehuda Nir
Galit and Avi Friedman
Hany Sualhi
Linda Yona Eligoulachvili
Alain Serge Eligoulachvili
Peradej Throngkitpaisan
Krits Pitimana-aree
Kanlaya Vimollohakarn
Orapin Tanapanpanit
Thanyaporn Supannarat
Vanessa Wang
Gabriel Menaged
Your Niece Limited
Brad and Alexandra Krawcyzk
Michelle Glasenberg
Miron Yakuel
Andre Rofe

Maya Halperin
Ronit Ben Hartzi
Galit Gallay Friedman
Benjawan Ekasingh
Mainfield Enterprises
Euro Asia Leasing Ltd.
Mirae Asset Daewoo Co.,Ltd (as a trustee on behalf of ARAM VIX 334AA Specialized Private Securities Investment Trust I-1)
Thamanat Promoow

SCHEDULE 3

CAP TABLE

[Attached]

Exhibit 10.4

Lease Agreement

Made and executed in Tel Aviv on the 27th day of March, 2014

Between: **Ogen Yielding Real Estate Ltd.**
Company No. 520033093
Whose address for the purpose of this Agreement is: 3 Har Sinai St., Tel Aviv
(Hereinafter: "**the Lessor**")

The first party;

And between: **PolyPid Ltd.**
Company No. 514105923
Whose address for the purpose of this Agreement is: 18 HaSivim St., PO Box 7126 Petah Tikva
(Hereinafter: "**the Lessee**")

The second party;

Whereas: The Lessor declares that it is the right holder in the Land and it is the registered holder in the Land (except for parcels 201 and 202), within their meaning in Section 202 hereunder, and the sole owner of the Land;

And whereas: A project that includes office areas, commercial and industrial areas and a parking lot, including the Leased Premises within their meaning in Section 2 hereunder, is located on the Land;

And whereas: The Lessee wishes to lease the Leased Premises from the Lessor in unprotected lease and to sign the Management Agreement, *inter alia*, as stated hereunder, and the Appendixes of this Agreement in accordance with the provisions set forth in this Agreement;

And whereas: The Lessor agrees to lease to the Lessee the Leased Premises in unprotected lease in accordance with the provisions set forth in this Agreement;

And whereas: The parties wish to define, regulate and formalize in writing their rights and obligations in connection with the lease of the Leased Premises as aforesaid in accordance with the provisions set forth in this Agreement;

Therefore, it is Declared, Stipulated and Agreed between the Parties as Follows:

1. Preamble and Appendixes

1.1. The preamble to this Agreement and Appendixes thereof constitute an integral part hereof.

1.2. The following are the Appendixes of this Agreement:

Appendix A	—	Blueprint of the Leased Premises
Appendix A1	—	Description of the part in the Leased Premises indicating the areas where the adjustment works will be performed and the rooms where the works will be performed, including acoustic insulation works in a manner compatible with executive rooms in the four offices that are marked.
Appendix B	—	Adjustment Works in the Leased Premises.
Appendix C	—	Electricity supply rules.
Appendix D	—	Management Agreement
Appendix E1	—	Insurance Appendix.
Appendix E2	—	Certificate of Insurance for the Lessee's Works.
Appendix E3	—	Lessee's Certificate of Insurance.
Appendix F	—	Special Conditions Appendix.
Appendix G	—	Canceled.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Appendix H	—	Bank Guarantee.
Appendix I	—	Delivery protocol.
Appendix J	—	Hot work procedure.

2. Definitions

As used in this Agreement, the following terms shall have the respective meanings set forth beside them below:

"The Land"	—	The parcel of land known at the time of signing this Agreement as block 6368, parcels 12, 48, 49, 175, 176, 181, 182, 190, 201 (part of parcel) and 202 (part of parcel) in HaSivim St. in Kiryat Matalon in Petah Tikva.
"The Project"	—	The Project located on the Land and known by the name of "Ogen Park" and that includes, at the time of signing this Agreement, *inter alia*, office buildings, including the Leased Premises, commercial areas, an industrial building, storage areas and public areas, including additional buildings and/or areas and/or floors to the extent built in the future.
"The Building"	—	The building known as Tamar Building which is one of the buildings included in the Project and that includes the Leased Premises.
"The Leased Premises"	—	The unit in the Building marked in the blueprint enclosed as **Appendix A** and in an area as stated in the definition of the Area of the Leased Premises in **Appendix F** and parking spaces as stated

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		in **Appendix F** located in the Parking Lot within its meaning in Section 16.
"The Lessor"	—	Including anyone appointed by the Lessor from time to time to serve as its agent or representative regarding the Leased Premises and this Agreement in general or ad-hoc.
"Area of the Leased Premises"	—	As stated in Section 6 and in **Appendix F** of the Agreement and as marked in **Appendix A1**.
"The Bank"	—	Bank Leumi le-Israel Ltd.
"Index"	—	The consumer price index (general index) including fruits and vegetables published by the Central Bureau of Statistics. In case the Central Bureau of Statistics ceases the publication of this Index another identical or substantially similar index published by the Central Bureau of Statistics or by the Bank Trust Company or any other competent entity shall come in its place.
"Basic Index"	—	Within its meaning in **Appendix F** of this Agreement.
"Management Company"	—	Within its meaning in Section 15 of this Agreement and in the Management Agreement enclosed as **Appendix D**, including anyone lawfully appointed by the Management Company to serve as its agent or representative in general or ad-hoc.
"Public Areas"	—	Unless otherwise stated — all areas in the Project, including all structures, additions and modifications added thereto from time to time, and roofs, colonnades, basements, passageways, entries and exits, service areas and rooms

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		and/or service corridors, public toilets, common technical areas such as a power room, air conditioning and systems, loading and unloading areas, elevators, shafts, and any other area in the area of the Building and/or the floor that is designated to use or that is actually used all or part of the lessees in the Building and/or the public and/or a number of possessors and protected spaces (unless these were attached to a single lessee/user) except for the areas designated for lease and/or sale and/or operation as a parking lot.
"The Parking Lot"	—	Areas designated for parking in the Project, whether roof or unroofed.
"Linked," "Linkage Differentials," Linked Values," and any similar expression -	—	The multiplication of the relevant sum by the rate of the ratio between the Index at the time of making the relevant calculation and/or the payment and the Basic Index or by the ratio between any other indexes, if stated expressly, provided that that in any event the Index at the time of making the calculation and/or the payment will not fall below the Basic Index.

“Term of Lease”	—	Within its meaning in Section 8 and in **Appendix F** of this Agreement and, unless otherwise stated expressly — both the First Term of Lease and the Additional Terms of Lease within their meaning in **Appendix F**.
“Rent”	—	Within its meaning in Section 9 hereunder, according to the rate specified in **Appendix F** of this Agreement.

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“Management Fees”	—	All payments that the Lessee is obligated to pay to the Management Company in accordance with the provisions set forth in this Agreement and the Management Agreement.
“Lessee’s Payments”	—	All payments that the Lessee is obligated to pay in accordance with the provisions set forth in this Agreement and in accordance with the provisions set forth in any law, including payments to the Lessor and/or the Management Company and/or any governmental or municipal authority.
“Quarter”	—	Each calendric period of 3 months as follows: January to March, April to June, July to September and October to December in each calendric year.
“Delivery of Possession Date”	—	The date specified in **Appendix F** of the Agreement in which the Leased Premises are delivered to the Lessee solely as an authorized person for the purpose of performing the adjustment works in the Leased Premises by the Lessee as stated in Section 13 of the Agreement.
“Lease Commencement Date”	—	Within its meaning in **Appendix F** of the Agreement.
“The Architect”	—	Anekstein Architects & Urban Designers or whoever is appointed from time to time by the Lessor as the Architect of the Building.
“The Agreement”	—	This Lease Agreement including all Appendixes thereof, including the Management Agreement.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

“Hours of Activity in the Building”	—	Until the Management Company notifies otherwise the hours of activity in the Building shall be between 07:00 to 20:00 uninterruptedly on Sun. — Thurs. (weekdays) including, and on Fridays and eves of holiday from 08:00 to 13:00. It is clarified that the entry to and exit from the Building will be allowed 24 hours a day all days of the year however this shall not detract from the definition of the “Hours of Activity in the Building” as stated in the paragraph above, and anywhere in this Agreement and/or Appendixes thereof that includes a reference to the “Hours of Activity in the Building” the meaning is to the hours specified in the first part of this Section.
“Hours of Activity in the Parking Lot”	—	The Parking Lot operates 24 hours a day all days of the week subject to the procedures set forth by the Lessor and/or the Management Company that shall be entitled to change the hours of activity as stated above from time to time.
“Irregular Hours of Activity”	—	Hours of activity that exceed the Hours of Activity in the Building or the Hours of Activity in the Parking Lot, as the case may be.

3. <u>The lease</u>

The Lessor hereby undertakes to lease the Leased Premises to the Lessee and the Lessee hereby leases the Leased Premises from the Lessor as stated in this Lease Agreement.

4. <u>Declarations of the Lessor</u>

The Lessor hereby declares and undertakes as follows:

4.1. It is the right holder in the Land and in the Leased Premises and possesses full rights of ownership in the Land except for parcels 201 and 202 that are owned by Petah Tikva Municipality.

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4.2. There is no preclusion preventing its engagement in this Agreement with the Lessee subject to all terms, arrangements and provisions set forth in this Agreement.

4.3. It is not aware of any preclusion preventing the Lessee from using the Leased Premises in accordance with the Purpose of Lease.

5. Declarations and undertakings of the Lessee

The Lessee hereby declares and undertakes as follows:

5.1. It visited the Land, the Project, the Building and the Leased Premises and inspected their condition at the time of signing this Agreement, including their physical and statutory conditions and their plans and all rights attached thereto, it is aware of the details of the Urban Building Plan (UBP) applicable to the Land, including the zoning classification of the Leased Premises in accordance with the UBP, and saw and inspected the condition of the Leased Premises and their location in the Building and the Project, it received any information that appears to him relevant in connection with the Building and the Leased Premises, and found all of the above to its satisfaction and compatible in every respect to its requirements and specifications, and it hereby waives, subject to the provisions set forth in this Agreement, any claim regarding non-conformance in connection with any of the aforesaid matters, except for a latent defect.

5.2. The Lessee declares that it is aware that in case a new UBP is approved and/or the UBP that is in effect at the time of signing this Agreement is amended and consequently additional construction rights are added to the Land, in such circumstances whether or not the additions are added in the Building, they shall not constitute part of the Leased Premises or the rights of the Lessee in the Leased Premises and these rights and/or exercise thereof and/or lease thereof shall not derogate from the obligation of the Lessee to fulfill all its undertakings in accordance with this Agreement.

In this regard the Lessee undertakes not to interfere, object or disrupt in any manner the design of the Land and/or the Building, in addition, the Lessee undertakes to avoid raising any claim against the Lessor and/or anyone acting on its behalf in connection therewith.

The Lessee is aware and agrees that it is possible that as a result of the decision of the competent authorities and/or the Lessor and/or the approval

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of the new UBP and/or the amendment of the UBP that is in effect different modifications will be performed in the Building and the Leased Premises, including in the number of the floors in the Building and their zoning classification.

It is clarified that in case it is necessary to modify the Leased Premises as a result of the approval of any plan applicable to the Land, the Lessee shall be solely responsible for implementing the said modifications in the Leased Premises and at its expense.

5.3. The Lessee is aware that during the Term of Lease additional construction works in the Land will continue and/or start and might cause noise, waste, traffic of workers, placement of different work equipment and/or work tools, including the placement of a crane. The Lessee undertakes not to interfere, object or disrupt in any manner the said construction works and not raise any claim and/or suit against the Lessor and/or anyone acting on its behalf in connection therewith, on the condition that the access roads to the Leased Premises and the reasonable use of the Lessee will not be impaired thereby.

5.4. The Lessee read and it understands well all the declarations of the Lessor as stated above and finds them acceptable and all the declarations of the Lessee as stated above shall be read in light of the said, and there is no statutory and/or other preclusion preventing its engagement in this Agreement in accordance with its provisions.

5.5. Without derogating from the declarations of the Lessee as stated above, the Lessee is aware that there are and/or there will be other lessees that are open to the public in the Project where the Leased Premises are located and that the Lessor is entitled to lease, *inter alia*, other areas in the Project to lessees that will be open to the public and the Lessee does not and will not and it hereby waives any objection to the said on the condition that the reasonable use of the Leased Premises in accordance with the Purpose of Lease will not be impaired thereby.

5.6. The Lessee is aware and agrees that the Lessor shall be entitled to modify the entrance lobby to the Building, including its size, at its sole discretion, provided that after the modification the lobby will allow reasonable access and entry to the Leased Premises and the Lessee shall raise no claims and/or demands in connection therewith.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

6. Area of the Leased Premises

6.1. The Area of the Leased Premises is the “gross Area of the Leased Premises” that includes the participation of the Lessee in the common use in the Leased Premises as specified in **Appendix F**.

6.2. Regarding the obligation of the Lessee to pay Rent, Management Fees and all other payments the Lessee is obligated to pay in accordance with the provisions set forth in the Lease Agreement and in accordance with the provisions set forth in this Agreement and in accordance with the provisions set forth in any law, the Area of the Leased Premises shall be considered as the gross Area of the Leased Premises as stated in **Appendix F** above. The Lessee waives any claim against the Lessor regarding the Area of the Leased Premises.

7. Purpose of Lease

7.1. The Lessee declares and undertakes that it leases the Leased Premises for the purpose as stated and as defined in **Appendix F** of this Agreement and solely for that purpose.

7.2. The Lessee undertakes to use the Leased Premises solely in accordance with the Purpose of Lease without any violation of or deviation from the Purpose of Lease. Any modification or expansion of the Purpose of Lease are subject to the prior and written approval of the Lessor and the Lessor shall be entitled to reject any modification or expansion as aforesaid for reasonable reasons.

7.3. Without derogating from the generality of the aforesaid, the Lessee confirms that it is aware that the operation of the Leased Premises in deviation from or in violation of the Purpose of Lease might cause breach of other lease agreements made between the Lessor and other lessees in the Building, except for constituting a fundamental breach of this Agreement, and therefore the Lessor shall be entitled, without derogating from its right to seek any other relief or remedy, in any event of use in deviation from or in violation of the Purpose of Lease, to obtain an injunction against such operation of the Leased Premises as aforesaid.

7.4. The Lessee declares that it was not granted and did not receive any promise regarding exclusivity and/or exclusive use of the Leased Premises and the

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business conducted therein, if any, and the Lessor might lease units in the Project for the purpose of conducting similar, corresponding and even identical businesses to its business and the Lessee waives any claim and/or suit in connection therewith.

8. <u>Term of Lease</u>

The Term of Lease in accordance with this Agreement is as specified in **Appendix F** of this Agreement and shall expire on the date specified in **Appendix F** (hereinafter: "**First Term of Lease**"). Upon expiration of each Term of Lease (i.e., the First, Second Term of Lease and the like) and subject to the provisions set forth in Sections 8.1 and 8.2 hereunder, the Term of Lease shall be extended by an additional term/terms, one term at a time, as stated in **Appendix F** of this Agreement (hereinafter: "**Additional Term of Lease**").

8.1. The Lessee shall be entitled to extend the First Term of Lease by the Additional Term of Lease as stated in Section 8 hereinabove and hereunder and in **Appendix F**, on the condition that during the entire Term of Lease that preceded the extension the Lessee shall fulfill and observe fully and timely all its fundamental undertakings in accordance with the provisions set forth in the Lease Agreement towards the Lessor, the Management Company and any other entity.

It is clarified that to the extent that the Lessee failed to fulfill any of its fundamental undertakings in accordance with this Agreement and failed to cure the breach in 10 days as of the date the Lessee received written notice describing the breach, the Lessor shall have sole discretion regarding the extension of the Term of Lease.

Subject to the provisions set forth in Section 8.1 above, each Term of Lease, as stated in **Appendix F**, shall be extended automatically by Additional Terms of Lease as described in Appendix F, provided that the Lessor did not receive a written, unreserved and unconditional notice from the Lessee at least 120 days prior to expiration of the relevant Term of Lease, regarding the Lessee's request to extend the Term of Lease.

8.2. The Lessee shall not be entitled to terminate the lease and/or vacate the Leased Premises prior to expiration of the Term of Lease however the aforesaid shall not derogate from the rights of the Lessor in accordance with the provisions set forth in this Agreement and/or in accordance with the provisions set forth in any law, to instruct the Lessee to vacate the Leased

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Premises. If, notwithstanding the said, the Lessee vacates the Leased Premises prior to expiration of the Term of Lease, or ceases to use the Leased Premises, the Lessee shall be obligated to make all the payments applicable to it in accordance with the provisions set forth in the Lease Agreement, until expiration of the Term of Lease.

8.3. The provisions set forth in this Agreement shall apply fully to all the Terms of Lease and subject to the specific provisions set forth in this Agreement relating solely to specific Terms of Lease.

8.4. The Lessee shall be entitled to perform adjustment works in the Leased Premises as of the Delivery of Possession Date on the first floor as stated and defined in **Appendix F** of this Agreement. It is agreed that the Lessee shall be entitled to perform works on the first floor of the Leased Premises concurrent with the performance of the finishing works of the Lessor, and the Lessor shall be entitled to refuse the request of the Lessee to perform works for reasonable reason and/or approve the said works, and in the event the request is approved the Lessor shall be entitled to terminate the Lessee's works for different periods of time according to the rate of progress of the finishing works of the Lessor and the Lessee shall raise no claims and/or demands towards the Lessor in the event of termination of the works as aforesaid.

9. <u>Rent and parking fees</u>

During the entire Term of Lease, the Lessee shall pay to the Lessor Rent for the Leased Premises according to its rate specified in **Appendix F** of this Agreement when the said amount is linked to the Basic Index as stated hereunder:

9.1. The Linkage Differentials shall be deemed as part of the Rent for all intents and purposes. The said Rent, in addition to the Linkage Differentials, shall be referred hereinabove and hereinafter: "**the Rent**."

9.2. At the time of signing this Agreement the Lessee shall pay to the Lessor the Rent, parking fees and Management Fees in addition to VAT in respect whereof, for the period as of the Lease Commencement Date and until expiration of the subsequent quarter. In the beginning of each quarter afterwards the Lessee shall pay the Rent, parking fees and the Management Fees in addition to VAT in respect whereof for the subsequent quarter on the first business day of the month in which each payment is made.

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9.3. In addition to the Rent and upon payment thereof, the Lessee undertakes to pay to the Lessor the parking fees, as stated in **Appendix F** of this Agreement. The entire provisions set forth in this Agreement regarding the Rent and the Leased Premises shall also apply to the parking spaces and the parking fees including, and without derogating from the generality of the aforesaid, the payment dates, linkage, increase of parking fees during the Additional Terms of Lease and payment of VAT. It is clarified that the parking spaces constitute part of the Leased Premises within their meaning in this Agreement including Appendixes thereof for all intents and purposes, including for the purpose of payment of the Rent, Management Fees and other payments. It is further clarified that the parking fees stated in Appendix F constitute the full payment paid in respect of the parking spaces (and no Management Fees, municipal taxes or additional payments shall be paid in connection with the parking spaces).

9.4. For the avoidance of doubt, it is hereby clarified that the obligation to pay the Rent and all other payments due to the Lessor from the Lessee is an absolute obligation imposed on the Lessee even if the Lessee did not receive a bill for the said Rent or other payments, provided that the Lessee was aware of the existence of the debt (as opposed to its rate).

9.5. The Lessee undertakes to pay the Rent and the Parking Fees to the Lessor and the Management Fees to the Lessor or the Management Company as stated in Section 15 hereunder during the entire Term of Lease, whether or not the Lessee used or did not use the Leased Premises for any reason.

9.6. The Lessee undertakes to pay the Rent and the Management Fees by depositing in advance checks for the entire year of lease in the Term of Lease and the said checks shall be deposited at the time of signing this Agreement and for each year of lease during the Term of Lease 90 days prior to the commencement of the relevant year of lease.

9.7. The provisions set forth in Sections 9.1-9.7 above are material and fundamental provisions in this Agreement and breach of any thereof shall constitute a fundamental breach of this Agreement.

10. <u>Value added tax</u>

The Lessee shall pay value added tax in respect of each of the payments that the Lessee is obligated to pay to the Lessor in accordance with the provisions set forth in this Agreement and that is chargeable with VAT, together with the said payment,

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according to the VAT rate as determined periodically in accordance with the law and/or any tax and/or levy superseding the same and/or any tax that applies, according to the law imposing it, on any payment that the Lessee is obligated to pay in accordance with the provisions set forth in this Agreement hereinabove and hereinafter: "**VAT**" or "**Value Added Tax**").

For the avoidance of doubt, VAT or any other tax applicable as aforesaid shall be deemed as the Rent in anything related to the obligation of the Lessee to make payments in accordance with this Agreement.

The Lessor shall deliver to the Lessee invoice for payment of VAT in 7 business days shortly after the date the relevant payment and VAT were paid.

11. <u>Additional payments</u>

During the entire Term of Lease, the Lessee shall pay, in addition to the Rent, all payments specified in all sub-sections of this Section 11 and all payments, levies, municipal taxes, taxes and other mandatory payments of any kind, whether municipal and/or governmental or other, including any fee, licensing fees and licenses of any kind relating to the Leased Premises and/or operation thereof and/or the maintenance of the Leased Premises.

The Lessee shall incur any tax and/or levy and/or fee in connection with the Leased Premises including their operation, maintenance, the business conducted therein or in connection with the Rent imposed in the future and that do not exist at the time of signing this Agreement. The Lessor shall incur the taxes and/or levies and/or fees in connection with the Leased Premises and that will be imposed (if and to the extent imposed) on the owner of the Leased Premises such as betterment levy.

11.1. Without derogating from the generality of the aforesaid, as of the Lease Commencement Date the Lessee shall incur all payments for the supply of water, electricity (in accordance with the provisions set forth in Appendixes **C** and **L**), telephone, municipal taxes ("Arnona") (even if such payment is imposed by law on property owners) applicable to the Leased Premises, business tax imposed on the Lessee, signage tax for the signage installed by the Lessee (to the extent applicable), security expenses for the Leased Premises, to the extent that such expenses are required in accordance with the provisions set forth in any law and/or to the extent that there is any other expense relating to the maintenance and/or use and/or operation of the Leased Premises, whether or not the Lessee used the Leased Premises. As

of the Delivery of Possession Date in the ground floor, the Lessee shall incur payments for the supply of water and electricity to the part of the Leased Premises on the ground floor.

11.2. As of the Lease Commencement Date and during the entire Term of Lease the Lessee shall incur payment of any tax and/or fee and/or levy applicable and/or that will be imposed in the future on the use of the Leased Premises and any activity performed therein, except for a tax and/or a fee and/or a levy as aforesaid that are imposed on property owners.

11.3. As of the Lease Commencement Date the Lessee shall incur payments and/or taxes and/or fees and/or municipal taxes and/or levies applicable and/or that will be imposed on the Public Areas in the Building, if imposed, according to its relative part that will be determined according to the part of the Area of the Leased Premises in all the areas leased in the Building, as part of the total amount of the Management Fees that the Lessee will pay to the Lessor in accordance with the provisions set forth in Appendix F.

11.4. During the entire Term of Lease, the Lessee shall incur payments due for the maintenance and management of the Building, as stated in the provisions set forth in Section 15 hereunder, and for the management of the Parking Lot in accordance with the provisions set forth in Section 16 hereunder and for the insurances in accordance with the provisions set forth in Section 18 hereunder, as part of the total Management Fees that the Lessee will pay to the Lessor in accordance with the provisions set forth in Appendix F.

11.5. The parties undertake to cooperate and deliver written notice to the municipality and to the other relevant authorities regarding the lease of the Leased Premises by the Lessee. Shortly after the Lease Commencement Date the Lessee undertakes, if it receives written instructions from the Lessor in connection therewith, to transfer the name of the payer of the water and/or telephone and/or municipality bills and/or any other bill relating to any payment and/or tax applicable to the Leased Premises to the name of the Lessee. upon expiration of the Term of Lease the Lessee shall change the name of the payer of these bills to the name of the Lessor upon expiration of the Term of Lease.

11.6. Regarding the municipal taxes (“Arnona”) applicable to the Leased Premises the Lessee declares that it is aware that it may not request from

any entity an exemption from municipal taxes even if the Leased Premises are vacant and the Lessor shall be solely entitled to exercise this right.
In addition, the Lessor shall be entitled to instruct the Lessee to pay the municipal taxes to the Lessor or the Management Company that shall transfer the municipal taxes payments in respect of the Leased Premises to the municipality. In such circumstances as aforesaid, the parties shall make a calculation of the municipal taxes applicable to the Leased Premises in accordance with the municipal taxes order that is in effect and the Lessee shall deposit with the Lessor, together with the deposition of the annual Rent, 6 postdated checks for the purpose of paying the municipal taxes for the upcoming year of lease. For the avoidance of doubt, it is clarified that the said shall not derogate from the obligation of the Lessee in accordance with this Agreement to be registered as the possessor of the property in the municipality records.

11.7. The provisions set forth in this Section 11 shall not derogate from the obligations of the Lessee in accordance with the provisions set forth in Section 12 hereunder.

12. <u>Construction works in the Building and in the Leased Premises</u>

12.1. The Lessor shall be entitled, at any time, and without obtaining the approval of the Lessee, to perform any modification or addition or renovation in the Project and the Building, at its sole discretion, both prior to the Lease Commencement Date and thereafter, including, but not limited to, the addition and construction of floors to any of the buildings including a change of zoning classification and/or amendment of construction permits, different construction additions, conversion of Public Areas into areas used exclusively by different users, modification of openings and passageways and my other modification in the Project and/or the Building and/or the Building plans, at its sole discretion, provided that the reasonable use of the Lessee in the Leased Premises in accordance with the Purpose of Lease is not affected.

The Lessee undertakes not to interfere and not to object to any modification or addition as aforesaid for any reason, including, but not limited to, disruptions caused to the Lessee, if caused, during construction of the addition or the modification, provided that the performance of the modification or the addition shall not affect the reasonable use of the Leased Premises.

12.2. The Lessor undertakes to perform the works that are specified hereunder in the Leased Premises at its expense and under its responsibility, and complete the said works until the Lease Commencement Date, save as provided in Section 12.2.1.3 hereunder (hereinafter: “**Lessee’s Works**”):

<u>In the ground floor of the Leased Premises</u>:

12.2.1.1. Modifications and repairs in the entrance lobby in the ground floor, in order to remove any signage of previous lessees. For the avoidance of doubt, it is clarified that the Lessor shall be entitled to place signage in the lobby at its sole discretion. It is further clarified that the Lessor shall be entitled to reduce the area of the entrance lobby in the ground floor;

12.2.1.2. Installation of a utility spot for water and sewage connection in a location to be agreed between the parties according to the architectural plans provided by the Lessee. It is clarified that the Lessee shall endeavor so that the said plan will include the installation of spots that are in compliance with the condition of the Leased Premises and the Lessor shall endeavor to install the connections in the necessary locations.

12.2.1.3. Separation of the Area of the Leased Premises from the other areas in the floor, including the dismantling of the entry staircase and the auditorium — these works, and only these works, shall be performed even prior to the Delivery of Possession Date of the ground floor;

12.2.1.4. Adjustment of the shell walls; the air conditioning system shall remain in its condition "as-is." The installation of sprinklers according to a standard level (and to the extent that it is necessary to make special adjustments in light of the Purpose of Lease — the Lessee shall be responsible for such adjustment). The Lessor shall deliver a certificate regarding the working order of the sprinkler system after the system is installed by the Lessor. The Lessee shall be solely responsible for the installation of any sprinkler or detector that is required beyond the standard, and the Lessor shall not be responsible for these works, except for the certificate regarding the working order of the sprinklers that were installed by the Lessor, and the Lessee shall be

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responsible for the maintenance of all the sprinklers and detectors in the Leased Premises.

12.2.1.5. Separate electricity feed to the Leased Premises;

In the first floor of the Leased Premises:

12.2.1.6. Adjustment of the part marked in in the Blueprint of the Leased Premises hereby enclosed as **Appendix A1** of the Lessee's design (for the avoidance of doubt it is clarified that the Lessee shall be responsible for and shall incur all expenses in connection with the said design), when the specification of these works is in a level that is identical to the standard, finish and materials (including color and standard) of the other offices located on this floor of the Leased Premises in such manner that the offices that are located on the floor and the new offices will be indistinguishable. To the extent that the works cannot be performed in the said manner the Lessor and the Lessee shall coordinate between them the manner of performance of the works.

Acoustic insulation for the executive rooms in four offices whose location will be determined by the Lessee in the following manner:

Two dual-membrane gypsum slabs on each side when the vertical part of the gypsum wall is 7cm thick.

In addition, a 2" glass wool layer 24kg/m2 (provides approximately 45dB).

12.2.1.7. It is agreed that the existing curtains in the Leased Premises shall remain in the Leased Premises after performance of the Lessor's Works in their condition "as-is."

12.3. The Lessor shall be entitled, without obtaining the approval of the Lessee, to pass through the Building and through the Leased Premises (following advance coordination with the Lessee, if passed through the Leased Premises) and to install by itself or by anyone acting on its behalf or by any authority, institution or any other entity, all types of conduits, utilities, including air conditioning ducts, water pipes, sewage, gas, drainage, cables and electrical wires, TV and/or cellular and/or telephone communication cables and/or other cables, whether or not serving the Lessee and/or the Lessee and/or the other leases in the Building, and the Lessee undertakes to permit to the Lessor or anyone acting on its behalf to enter the Leased Premises for the purpose of performing the said works and/or for the

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purpose of maintaining the systems, with all ensuing consequences, subject to the provisions set forth in this Section. Upon completion of the Works as aforesaid, the Lessor shall restore the Leased Premises to their previous condition, to the extent applicable.

During the Term of Lease the Lessor shall notify the Lessee regarding its intention to perform the said works, a reasonable time in advance, according to circumstances, and shall coordinate with the Lessee the times of entry to the Leased Premises in a manner that will cause minimal harm to the use of the Lessee of the Leased Premises (works shall be performed in the early morning hours, *inter alia*, or in the late evening hours, to the extent possible), and during the period of the works the Lessor shall take strict measures to cause minimal disturbance and harm to the use of the Lessee of the Leased Premises.

12.4. The Lessee further declares that it is aware that the Lessor shall be entitled to install and/or installed communication facilities in the Building (however not in the Leased Premises) (hereinafter: "**the Facilities**") and the Lessee hereby waives any objection of any kind in connection with the placement and/or operation of the Facilities, subject to the provisions set forth in Section 12.3 above.

12.5. It is hereby clarified that after the Lease Commencement Date the Lessee shall not be entitled to modify the Leased Premises in any manner and not to add any addition or remove any part thereof without obtaining the prior and written approval of the Lessor and the Lessor shall

withhold approval for reasonable reasons only.

12.6. As of the Delivery of Possession Date of the ground floor and the first floor in accordance with the provisions set forth in Section 8.4 above regarding the works in the ground floor and in accordance with and subject to obtaining the approval of the Lessor regarding the works in the first floor, the Lessor undertakes to allow the Lessee to perform the works specified in Appendix B of this Agreement and in Section 12.7 hereunder, subject to and in accordance with the provisions set forth in Appendix B. In addition, during the Term of Lease the Lessor shall be entitled to refuse to the performance of the works in accordance with the plans that will be submitted to the Lessor by the Lessee and/or any part thereof, for reasonable reasons only (hereinafter: "**Lessee's Works**"). The approval of the Lessor for the performance of the Lessee's Works as stated above shall be provided

on the condition that the Lessee acts in accordance with the all of the following provisions:

12.6.1.1. The Lessee shall be solely responsible for the performance of the Works in accordance with the Lessor's approval, during hours that will be defined by the Management Company, and under its sole responsibility and at its expense, and while protecting the Project and grounds thereof, and while preventing noise and waste, and after obtaining all the approvals and permits as required in accordance with the provisions set forth in any law, and while causing minimal disturbance, under the circumstances of the case, to the regular activities in the Project and/or the activities of other lessees and/or possessors in the Project.

12.6.1.2. The performance of all works shall be coordinated in advance and in writing with the Management Company of the Project.

12.6.1.3. The Lessee undertakes to perform the Lessee's Works in accordance with the provisions set forth in any permit and/or license that are required in connection therewith and in full compliance with the provisions set forth in any law and by lawfully licensed contractors.

12.6.1.4. The Lessee shall incur all expenses associated with and/or deriving from the performance of the Lessee's Works after obtaining the approval of the Lessor as stated above and the approval of the Lessor as aforesaid shall not impose on the Lessor any responsibility for the design and/or performance of the Lessee's Works.

12.6.1.5. The Lessee shall be held liable for any deficiency and/or any damage of any kind caused to the Leased Premises and/or the Project and/or any part thereof and/or grounds thereof as a result of acts and/or omissions of the Lessee and/or anyone acting on its behalf during the performance of the works and/or the

modifications. The Lessee shall indemnify the Lessor immediately upon its demand for any expense and/or payment the Lessor shall be obligated to incur and/or pay and for which the Lessee is held liable as stated above.

12.6.1.6. Without derogating from the liability of the Lessee in accordance with the provisions set forth in this Agreement and/or in accordance with the provisions set forth in any law, prior to the commencement date of the Lessee's Works, the Lessee undertakes to take out and maintain a contractor insurance in the name of the Lessee, contractors and subcontractors, the Lessor and the Management Company, and to furnish to the Lessor a proper certificate of insurance and in accordance with the provisions set forth in Appendix E1 and E2 enclosed with this Agreement.

12.7. Without derogating from the provisions set forth in Section 12.6 above, the Lessee shall be entitled to install an exterior flue for the laboratory and a generator as stated hereunder. The Lessor agrees that the Lessee's Works as stated in this Section shall be performed concurrently with the Lessor's Works, as of the Delivery of Possession Date of the ground floor, without causing any disturbance to the Lessor's Works in the Leased Premises. To the extent that the Lessee's Works disturb the Lessor's Works, the Lessor shall be entitled to cease the Lessee's Works for a period of time stated by the Lessor and the Lessee shall raise no claims and/or demands in connection therewith:

12.7.1.1. The flue will be installed on the southern exterior wall of the Building according to the plans enclosed with this Agreement that were approved by the Architect of the Building before signing the Agreement. After the installation of the flue, the Lessee shall be obligated to furnish to the Lessor all the relevant approvals that are required by the authorities and/or in accordance with the provisions set forth in any law.

12.7.1.2. The generator shall be operated as a safety measure and only in the event of power outages and shall be used

solely in the Leased Premises; the generator will have an internal fuel tank. To the extent that the operation of the generator will cause a disturbance to the lessees in the Building, the Lessee undertakes to soundproof the generator for the purpose of eliminating this disturbance immediately upon receiving the demand of the Lessor to that effect.

12.7.1.3. The Lessee may install the generator after it met all the conditions listed in Section 12.6 above. After the installation of the generator, the Lessee shall act for the purpose of obtaining the necessary approvals in accordance with the relevant standards from an external inspector and the HVAC engineer and/or from any authority and/or in accordance with the provisions set forth in any law.

12.7.1.4. It is agreed that the Lessee and/or anyone acting on its behalf shall be obligated to notify the Lessor and/or anyone acting on its behalf prior to climbing to the roof of the Building.

12.7.1.5. The Lessee may replace the windows in the laboratory as may be required for the purpose of installing a louvre and/or a blower. In the event the Lessor demands to dismantle the louvre and/or the blower upon expiration of the Term of Lease, the Lessee shall be obligated to follow the said instruction.

12.7.1.6. The Lessee may install an access control system at the entrance of the toilets in the first floor of the Leased Premises. In the event that upon expiration of the Term of Lease the Lessor demands the dismantling of the access control system and/or the louvre, the Lessee shall be obligated to follow this instruction.

12.8. For the avoidance of doubt, it is hereby clarified that the performance of the works in the Leased Premises by the Lessee, to the extent that such works are performed after the Lease Commencement Date, shall not detract from any liability and/or obligation and/or payment (including payment of the

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Rent, parking fees and Management Fees) applicable to the Lessee in accordance with this Agreement and Appendixes thereof during the period of performance of the works. It is further clarified that during the performance of the works in the Leased Premises by the Lessee prior to the Lease Commencement Date, the Lessee shall incur the expenses for electricity and water consumption on the ground floor in the Leased Premises.

Electricity and water

12.9. The amounts charged from the Lessee for the supply of electricity to the Public Areas and to the Leased Premises and for the air-conditioning system in the Building and in the Public Areas are included as part of the Management Fees. It is clarified that the Leased Premises are connected to the electricity and air-conditioning system in the Building. The sums charged from the Lessee or the Management Company in respect of the supply of electricity services as aforesaid shall be based on the distribution of the costs among the different lessees in the Building, as stated in the Management Agreement enclosed as **Appendix D** of this Agreement.

12.10. The Lessee declares that it is aware that the Lessor is the holder of exclusive rights towards Israel Electric Corp. Ltd. (hereinafter: "**IEC**") regarding the supply and use of electricity to the different areas of the Building, including in the Public Areas and the air-conditioning system in the Building and in the Leased Premises. The Lessee hereby waives absolutely and irrevocably its right to sign with IEC an electricity supply contract as stated above, and the Lessee undertakes to act in accordance with the provisions set forth in **Appendix C** of this Agreement.

12.11. The amounts charged for the supply of electricity and auxiliary services (to the extent necessary, for the purpose of supplying the electricity) and that are provided by the Lessor and/or the Management Company and/or IEC to the Lessee and the rules in connection with the supply of electricity and auxiliary services as aforesaid are specified in **Appendix C** of this Agreement.

12.12. The Lessee undertakes to pay to the Management Company for the use of the electricity services that will be supplied by the Lessor and/or the Management Company directly to the Leased Premises, all the bills in respect of the Leased Premises that will be issued by the Management Company on the dates and according to the rates determined by the

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Management Company in accordance with the time of use low voltage rates charged by IEC, as of the Delivery of Possession Date of the ground floor (and with respect to the ground floor) or as of the Lease Commencement Date with respect to the remaining part of the Leased Premises, as the case may be, and according to the reading of the secondary electricity meter that will be installed by the Lessor and/or anyone acting on its behalf until the relevant Delivery of Possession Date. It is clarified that except for the use of the electricity and water services in the Leased Premises and the provisions set forth in Section 11.1 above, the Lessee shall not pay to the Lessor any payment in respect of the period commencing on the Delivery of Possession Date and until the Lease Commencement Date.

12.13. The Lessee declares that it is aware that there are shafts in the Building passing through the floor of the Leased Premises and that systems that are common to all the lessees in the Building might pass through these shafts.

13. Delivery of possession and delivery protocol

13.1. The Delivery of Possession Date of the ground floor in the Leased Premises shall be as stated in Appendix F (hereinafter: "**Delivery of Possession Date of the Ground Floor**"), the Delivery of Possession Date of the first floor of the Leased Premises and the parking spaces shall be on the Lease Commencement Date, within the meaning of this term in Appendix F (hereinafter: "**Delivery of Possession Date of the Remaining Part of the Leased Premises**" or the "**Lease Commencement Date**"). Possession in the ground floor shall be delivered when the Leased Premises are in their condition "as-is" at the time of signing this Agreement and after performance of the Lessee's Works in the ground floor of the Leased Premises as stated only in Section 12.2.1.3. The Delivery of Possession Date of the Remaining Part of the Leased Premises shall occur when the Leased Premises are in their condition "as-is" at the time of signing this Agreement and after performance of the Lessor's Works. As of the Delivery of Possession Date of the Ground Floor or the Delivery of Possession Date of the Remaining Part of the Leased Premises, as the case may be, the Lessee shall be entitled to perform adjustment works on the ground floor or the first floor, as the case may be, subject to the provisions set forth in Appendix B. It is clarified that as of the Delivery of Possession Date of the Ground Floor and during the period of performance of the adjustment works and until the Lease Commencement Date, at the latest (the Delivery of Possession Date of the Remaining Part of the Leased Premises) the Lessee shall be deemed

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as an authorized person in the Leased Premises solely for the purpose of performing its works.

13.2. The Lease Commencement Date shall be as stated in Appendix F (hereinafter: "**Lease Commencement Date**").

13.3. The Lessee undertakes to appear on the Delivery of Possession Date of the Ground Floor and on the Delivery of Possession Date of the Remaining Part of the Leased Premises and receive possession in the ground floor and the remaining part of the Leased Premises, as the case may be, and fulfill all the undertakings the Lessee is obligated to fulfill until the said dates, provided that on the Delivery of Possession Date of the Ground Floor the Lessor completed the Lessor's Works as stated solely in Section 12.2.1.3 and that on the Delivery of Possession Date of the Remaining Part of the Leased Premises the Lessor completed all the Lessor's Works. In the event the Lessee failed to appear to receive possession on the said dates, this shall not exempt the Lessee from all its undertakings in accordance with the provisions set forth in the Lease Agreement.

13.4. The Leased Premises shall be deemed as ready for delivery and the Lessee shall be obligated to receive possession therein on the said dates even if the landscape works were not completed yet, provided that the Leased Premises can be used in accordance with the Purpose of Lease as stated in this Agreement, on the Delivery of Possession Date of the Ground Floor — the Lessor's Works as detailed in Section 12.2.1.3 only were completed, and the Lessor's Works were completed on the Delivery of Possession Date of the Remaining Part of the Leased Premises in accordance with the provisions set forth in Section 12.2 above, and there is reasonable access to and from the Leased Premises.

13.5. The Lessor shall not be held liable for any postponement or delay in the delivery of possession of the ground floor or the remaining part of the Leased Premises caused due to a delay in the delivery of the plans that the Lessee is obligated to deliver to the Lessor until 30.4.2014 [assuming that the Agreement will be signed until 1.4], or due to the failure of the Lessee to meet the requirements set forth in Appendix B, provided that such a delay as aforesaid was not caused due to an act or omission of the Lessor or as a result of circumstances in which the Lessor failed to complete the necessary works in accordance with the provisions set forth in Section 12.2 above (unless the delay was caused as a result of a delay caused by the Lessee as

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stated in the first part of this Section). In addition, the Lessor shall not be held liable for any postponement or delay in the completion of the adjustment works of the Lessee in the Leased Premises, to the extent that the said delay was not caused due to an act or omission of the Lessor or a delay in the performance of the works that are performed by the Lessor as stated above (unless the delay was caused as a result of the delay by the Lessee as stated in the first part of this Section). Without derogating from any relief or remedy granted to the Lessor in accordance with the provisions set forth in this Agreement and/or in accordance with the provisions set forth in any law, the Lessee shall pay the Lessee and shall incur all other payments it is obligated to incur in accordance with this Agreement and all its other undertakings in accordance with the provisions set forth in the Lease Agreement even if the Delivery of Possession Date of the Ground Floor or the Delivery of Possession Date of the Remaining Part of the Leased Premises is delayed due to the circumstances described in the first part of this Section and/or the adjustment works of the Lessee are not completed until the Lease Commencement Date, as of the date set as the Lease Commencement Date as stated in Appendix F. In addition, the Lessee shall indemnify the Lessor and/or the Management Company for any damage caused to them as a result of the aforesaid.

14. <u>The business activities in the Building and in the Leased Premises</u>

14.1. The Lessee is aware that opening hours of the businesses conducted in the Building shall be during the Hours of Activity in the Building, within their meaning above, subject to the provisions set forth in any law and in accordance with the procedures set forth from time to time by the Management Company (whether with respect to a specific business or a certain type of businesses), as stated in Section 15 hereunder. Notwithstanding the said, it is agreed that the Lessee may use the Leased Premise during any hour of the day, including on weekends and in hours other than the Hours of Activity in the Building, and there is no restriction imposed on the Lessee or anyone acting on its behalf to act in the said manner. In addition, it is agreed that the entry of the Lessee, its employees and guests to the Building shall be from the main façade of the Building.

14.2. The Lessee declares that it is aware that part of the areas in the Project are used, *inter alia*, for commercial activities and will include, *inter alia*, cafés, restaurants, kiosks, food stands, a drugstore and other shops that might operate in hours other than the Hours of Activity in the Building. The Lessee

declares and undertakes that it shall not raise any claim in connection therewith, to the extent that the said activities do not disrupt the regular and reasonable course of business of Lessee in the Leased Premises.

14.3. This Section is a fundamental section in the Agreement and breach of any of its provisions shall be deemed a fundamental breach of this Agreement.

15. Management of the Building

15.1. The Lessor shall be entitled to form or appoint a corporation that will engage in the management and the maintenance of the Building (hereinabove and hereinafter: "**Management Company**"). As long as the said corporation was not appointed or formed or as long as the said corporation did not start to engage in the management and maintenance of the Building or in the event its appointment was terminated as aforesaid, the Lessor shall serve as the Management Company for the purpose of this Agreement including Appendixes thereof.

15.2. At the time of signing this Agreement or on any other date as instructed by the Lessor, the Lessee undertakes to sign the Management Agreement enclosed as **Appendix D** of this Agreement. The Management Company shall determine from time to time the arrangements and procedures relating to the management of the Project and/or the Building and maintenance thereof and shall set out bylaws that will apply to all the users of the Project and/or the Building or the type of businesses conducted therein, and shall supervise their performance. The Lessee undertakes to observe all the provisions and terms set forth in the Management Agreement as part of its undertakings in accordance with this Agreement towards the Lessor.

15.3. The Lessee shall pay the Management Fees according to the dates, rates and keys as stated in the Management Agreement.

15.4. The signature of the Lessee on this Agreement constitutes a direct undertaking towards the Management Company, when formed or appointed, if formed, to the extent that this is related to the Management Company, and an undertaking of the Lessee towards the Lessor to observe all its undertakings towards the Management Company, whether as stated in this Agreement and whether as stated in the Management Agreement, and breach of the Management Agreement shall constitute a breach of this Agreement.

15.5. For the avoidance of doubt, any claim that the Lessee may have against the Management Company, including a claim by virtue of the Management Agreement, shall not give rise to a cause of action by the Lessee against the Lessor, unless the Lessor serves as the Management Company.

15.6. The provisions set forth in this Section 15 shall be deemed as material and fundamental provisions in this Agreement and breach of any thereof shall be deemed as a fundamental breach of this Agreement.

16. Parking Lot

16.1. The Lessor declares that there is a parking lot in the Project (hereinafter: "**the Parking Lot**"). The Lessor will lease to the Lessee parking spaces in accordance with the conditions set forth in **Appendix F**, in accordance with the provisions set forth in this Agreement and the Management Agreement. It is clarified that the parking spaces constitute part of the Leased Premises within their meaning in this Agreement including Appendixes thereof for all intents and purposes, including for the purpose of payment of the Rent, Management Fees, municipal taxes and other payments.

16.2. The Lessor and/or the Management Company and/or any other company that is appointed by the Lessor and/or the Management Company to manage the Parking Lot shall operate and manage the Parking Lot at their absolute and sole discretion subject to the provisions set forth in any law and subject to the following provisions:

16.2.1.1. The Lessor shall be entitled to operate the Parking Lot, whether by itself and whether by the Management Company or by a contractor or a subcontractor, in any manner, whether in return for full or partial payment, according to any method, including by way of sale of subscriptions and whether free of charge.

The Lessor shall be entitled to allocate special parking areas in which subscribers shall be entitled to park their vehicles, according to a method set out by the Lessor and/or the Management Company, whether for full-time or part-time subscribers, at its sole discretion.

16.2.1.2. The Lessor shall be entitled to change the location of the parking spaces leased to the Lessee or a part thereof upon delivery of a 30 days' prior notice, including a change in the level of the parking spaces or a part thereof (with respect to the parking spaces that were in that level), in such manner that the number of original parking spaces in the external Parking Lot and the original number of parking spaces in the two-floor Parking Lot shall remain

unchanged (including the number of the roofed parking spaces) and shall be identical. Notwithstanding the said, the Lessee is aware that in the near future different works that will change the location of the parking spaces will be performed when during performance of these works the location of the parking spaces will be changed for the purpose of performing these works, and upon completion of these works the parking spaces will return to their original location. The Lessor and/or the Management Company, as the case may be, shall be entitled to lay down the procedures for the management, use, entry, exit and operation of the Parking Lot from time to time and amend them from time to time.

The Lessor undertakes that as long as it did not notify otherwise to the Lessee, the Parking Lot shall be open during the Hours of Activity in the Parking Lot, subject to the procedures laid down by the Lessor and/or the Management Company and the Lessor and/or the Management Company shall be entitled to change the Hours of Activity in the Parking Lot as stated above from time to time provided that the hours of entry and exit of the Lessee in the Parking Lot are not limited.

16.3. The Lessee undertakes to uphold any instruction as aforesaid and all the arrangements and technical procedures set out by the Lessor or the Management Company for the purpose of this matter and that will be published as aforesaid.

The Lessee undertakes to pay to the Lessor, during the entire Term of Lease, the parking fees as stated in **Appendix F** and the Management Fees and

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other payments applicable in accordance with the provisions set forth in this Agreement and Appendixes thereof.

16.4. The provisions set forth in this Section constitute a direct undertaking of the Lessee towards the Lessor and/or the Management Company and/or any other person and/or entity operating the Parking Lot from time to time, as the case may be.

16.5. Liability for damages in the Parking Lot

16.5.1.1. The Lessee declares that it shall be solely responsible for the use of the Parking Lot and the means of entry to the Parking Lot and that the Lessor and/or the Management Company and/or the Parking Lot operator are under no responsibility to protect the vehicles in the Parking Lot and/or for their content and/or external integrity and the Lessor and/or the Management Company and/or the Parking Lot operator shall not be held liable for any damage, loss or deficiency caused to any vehicle, person, or chattel in the Parking Lot for any reason, including, and without derogating from the generality of the aforesaid, as a result of fire, smoke, earthquake, hostile activities, war, flood, flooding, theft, break-in, impact by other vehicles.

16.5.1.2. The Lessee hereby exempts the Lessor and/or the Management Company and/or the Parking Lot operator from any liability for damage as aforesaid, provided that the damage was not caused due to a negligent act or omission of the Lessor and/or anyone acting on its behalf. The Lessee undertakes to indemnify the Lessor and/or the Management Company and/or the Parking Lot operator in 7 days as of the date of receiving their first demand for any expense and/or damage caused to the Lessor and/or in respect of any sum that the Lessor is obligated or required to pay due to a suit and/or damage, loss or deficiency as aforesaid.

16.5.1.3. The Lessee shall be solely liable for any damage caused by the Lessee to the Parking Lot and facilities thereof and/or to the Lessor and/or the Management Company

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and/or the Parking Lot operator and/or any third-party as a result of an act or omission of the Lessee and/or anyone acting on its behalf.

16.5.1.4. The Lessee declares that it is aware that the payment of the parking fees is made solely for the right of parking and does not include any guarding services and that the presence of supervisors and/or attendants and/or ushers and/or cashiers at the entries and exits to the Parking Lot is intended solely for the purpose of collecting payment and enabling parking in the Parking Lot. The parties agree that the provisions set forth in the Bailees Law, 5727-1967 shall not apply to this Agreement and/or the parking of the vehicles in the Parking Lot and use thereof.

16.6. The Lessee undertakes to use the Parking Lot in a manner that will not harm the other users, and will not obstruct roads and will park only in areas designated for parking, park vehicles only between the lines that are marked and designated for the parking of vehicles and will not cause any damage to the Parking Lot and the equipment therein.

17. Liability and indemnity

17.1. The Lessor and/or anyone acting on its behalf and/or acting in its name shall not be held liable in any manner for any damage and/or harm caused to the Lessee and/or to the business conducted in the Leased Premises and/or to equipment and/or facilities therein or surroundings thereof, except for damage and/or harm as aforesaid caused as a direct result of an act or omission caused negligently or maliciously by the Lessor and/or anyone acting on its behalf.

17.2. Without derogating from the said in sub-section 17.1 above, the Lessor and/or anyone acting on its behalf and/or in its name shall not be held liable in any manner for bodily harm and/or damage to property of any kind caused to the Lessee and/or its employees and/or anyone acting on its behalf, including its agents, representatives, contractors, customers and any other person staying in the Leased Premises and surroundings thereof, or in any other area held by the Lessee.

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17.3. For the avoidance of doubt, the Lessee shall be solely responsible for any damage including bodily harm and/or damage to property and/or to the reputation and/or business interruption caused to the Lessor and/or to a third-party in connection with the negligence of the Lessee and/or anyone acting on its behalf and for any wrong that is committed — in connection with the possession of the Leased Premises and/or the use that the Lessee makes in the Leased Premises and anyone acting on its behalf in the Leased Premises and/or in the Public Areas, except for damage and/or harm as aforesaid caused as a direct result of a negligent or malicious act or omission of the Lessor and/or anyone acting on its behalf (including in connection with the works that are performed by the Lessor in accordance with the provisions set forth in the Lease Agreement).

17.4. The Lessee shall indemnify the Lessor and/or the Management Company for any damage and/or claim and/or charge the Lessor and/or the Management Company are obligated to pay in connection with damage and/or a wrong for which the Lessee is held liable as aforesaid, immediately upon receiving the first written demand of the Lessor in connection therewith.

18. <u>Insurance</u>

18.1. Without derogating from the responsibility and undertakings of the Lessee in accordance with this Agreement and in accordance with the provisions set forth in any law, the Lessee undertakes to purchase at its expense and to keep in effect during the entire Term of Lease the insurances specified in **Appendix E1** and **Appendix E3** and the insurances specified in **Appendix E2** during the period of performance of the adjustment works (hereinafter: "**Insurances of the Leased Premises**") with a legally licensed and reputable insurance company.

18.2. Without derogating from the foregoing, the Lessee undertakes to incur its relative part in the insurance costs with respect to the insurance that will be taken out for the Public Areas in the Project and/or the Building, as decided by the Lessor and/or the Management Company.

18.3. Breach of the provisions set forth in this Section 18 including any sub-section thereof by the Lessee shall constitute a fundamental breach of this Agreement.

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19. <u>Permits</u>

19.1. The Lessee declares that it is familiar and knowledgeable of the business it intends to conduct in the Leased Premises and in anything related to the licenses and permits that are necessary for the purpose of conducting such a business as aforesaid, and the Lessee undertakes to obtain at its expense all permits and licenses that are necessary for the purpose of conducting its business in the Leased Premises and conduct its business in accordance with the terms set forth in the permits and keep these permits in effect during the entire Term of Lease, and not to make any non-conforming use of the Leased Premises and not to conduct in the Leased Premises businesses that are not permitted in accordance with any applicable law in the present or the future.

Without derogating from the said, the Lessee declares that it read and understood the entire provisions set forth in the UBP applicable to the Land, the Project and the Building, and it is aware that to the extent that a permit and/or a license is required and/or in order to use the Leased Premises in accordance with the Purpose of Lease the Lessee shall be solely responsible for obtaining the said permit or license and the Lessor shall not be responsible for obtaining any of the said permits or licenses.

19.2. At the request of the Lessor the Lessee undertakes to sign any document and/or application that are necessary for the purpose of obtaining a business license and/or any other permit that is necessary for the purpose of operating the business in accordance with the Purpose of Lease, by virtue of the law and subject to the provisions set forth in this Agreement and the law, provided that no responsibility and/or monetary or other liability is imposed on the Lessor in connection therewith. For the avoidance of doubt, it is clarified that this undertaking of the Lessor shall not derogate from the liability and undertaking of the Lessee to obtain the said license or permit.

19.3. The Lessor undertakes that the works it will perform will be performed in accordance with the instructions set forth by the safety consultant on behalf of the Lessor that will inspect the compliance of the fire suppression system (sprinklers and detectors) located in the Area of the Leased Premises with the requirements set forth by the authorities, the law and the standard, and the Lessor undertakes to obtain the approval of a certified electrical inspector regarding the electricity system in the Leased Premises, when the said actions shall be performed after the performance of the Lessor's Works stated in Section 12.2 above, and the Lessor shall furnish the said approvals

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to all the competent authorities to the extent required, and no later than the date specified in Appendix F. In addition, the Lessor declares that the fire detection and the fire suppression systems were installed in the Leased Premises and in the Building in accordance with the relevant standards and that it obtained the approval of the Fire and Rescue Services Authority.

Failure to furnish the approvals as aforesaid shall not give rise to grounds to delay the Lease Commencement Date and/or delay of any of the payments and/or undertakings applicable to the Lessee in accordance with this Agreement.

19.4. As a condition for opening the Leased Premises, the Lessee undertakes to submit the interior division plans of the Leased Premises for the approval of the Fire and Rescue Services Authority and to invite their representatives at its expense to conduct an inspection of the Leased Premises, obtain their approval and furnish the said approval to the Lessor. Failure to furnish the said approval shall not give rise to grounds for a delay of the Lease Commencement Date and/or delay of any of the payments and/or undertakings applicable to the Lessee in accordance with this Agreement.

19.5. Without derogating from the foregoing, the Lessee undertakes to conduct its business and fulfill all the requirements set forth by virtue of the safety laws and regulations, the Business Licensing Law 5728-1968 (hereinafter: "**the Law**"), to the extent applicable under the circumstances of the case, and obtain any license and permit that is necessary by law for the purpose of conducting the business of the Lessee in the Leased Premises in accordance with the Purpose of Lease, and to renew the said license from time to time as required by law.

19.6. The Lessee shall be solely responsible for any breach and/or violation of the law in the Leased Premises deriving from an act and/or omission of the Lessee and/or anyone acting on its behalf.

19.7. The Lessee shall incur solely any fine or penalty imposed for conducting the business and/or using the Leased Premises by the Lessee and/or its employees and/or agents and/or customers without permit and/or in violation of a permit and/or a plan, whether imposed on the Lessor or the Management Company and whether imposed on the Lessee.

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19.8. None of the provisions set forth above shall be deemed as authorization of the Lessor to the Lessee to use the Leased Premises and/or to conduct in the Leased Premises business without a permit and/or in violation of a permit and/or a plan.

19.9. The parties agree that failure to obtain any license that is necessary for the Lessee for the purpose of using the Leased Premises shall not release the Lessee from fulfilling any of its undertakings in accordance with this Agreement.

For the avoidance of doubt, it is clarified that any demand made by a competent authority for the modification of the interior part of the Leased Premises in accordance with the Purpose of Lease and beyond the details specified in **Appendix B1** for any reason shall apply to the Lessee, except for the modification of detectors and sprinklers in accordance with the provisions set forth in Section 12.2.1.4 above and provided that these apply to the Lessor.

19.10. The provisions set forth in this Section shall be deemed as fundamental and material provisions in this Agreement and breach of any thereof shall be deemed as a fundamental breach of this Agreement.

20. <u>Possession and management of the Leased Premises</u>

20.1. The Lessee undertakes to conduct its business and to use the Leased Premises and grounds thereof in a manner that will not cause any disturbance to the other lessees in the Building and their enjoyment from their leased premises while maintaining the area adjacent to the Leased Premises clean. Without derogating from the aforesaid, the Lessee undertakes not to use the Leased Premises or any part thereof in such manner that will cause noises, odors, pollution, vibrations or any other nuisance in violation of the permitted standard, and in accordance with the provisions set forth in any law applicable to the said and without causing any nuisance that is in violation of the permitted standard in accordance with the law, including, but not limited to, noise, crowdedness, vibrations, odors (including the operation of fume hoods), pollution, and shall not cause any disturbance or nuisance to the possessors and/or the users of the remaining parts of the Building and the Project. The Lessor declares that it is aware that the Lessee intends to install and operate a laboratory, a generator and a flue in the Leased Premises and that the Lessor and anyone acting on its behalf and the other lessees in the Project do not and will not raise any

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objection in connection therewith. The Lessor further declares that it is aware that the Lessee may install an access control system at the entrance to the toilets during the Term of Lease.

The Lessee shall take action immediately after receiving the demand of the Lessor to cease any activity that causes a nuisance such as noise and/or waste and/or odors and/or vibrations and/or any other safety nuisance.

Without derogating from the generality of the aforesaid, the Lessee undertakes not to operate a PA system and/or loudspeakers in the Leased Premises or their surroundings in such manner that might disturb the other lessees in the Building, and to keep a high standard of cleaning and maintenance in the Leased Premises and surroundings thereof.

20.2. The Lessee undertakes not to conduct its business in the Public Areas and not to keep any goods and/or inventory and/or other chattel (hereinafter collectively: "**Chattel**") in the Public Areas, however solely upon obtaining the prior and written approval of the Lessor and the

Management Company. In any event in which Chattel belonging to the Lessee is found outside the Leased Premises as aforesaid, the Lessor or the Management Company shall be entitled to remove this Chattel from the premises at the expense of the Lessee, after delivery of a 48 hours' written notice, and in the event the breach was not cured, and the Lessor or the Management Company shall not be held liable for the integrity or damages that were caused to the Lessee in connection therewith, if any.

20.3. The Lessee shall use the Leased Premises in strict compliance with all the procedures and the instructions set forth by the Management Company by virtue of its powers, as stated in Section 15 above including all sub-sections thereof.

20.4. The Lessee undertakes to avoid causing any damage or breakdown to the Leased Premises and/or any part thereof and/or nearby surroundings and/or to facilities and/or equipment installed in the Leased Premises including, and without derogating, during the Lessee's Works and repair immediately and at its expense any damage caused to the Leased Premises and/or to the equipment and/or to facilities therein by the Lessee and/or by anyone acting on its behalf and/or by any of its visitors except for damage caused by reasonable use and reasonable wear provided that the repair is not required due to a negligent or malicious act or omission of the Lessor and/or the

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Management Company, and in such circumstances as aforesaid the Lessor and/or the Management Company shall be responsible for the repair. The Lessee undertakes to keep the Leased Premises in good and operable condition during the entire Term of Lease. In case the Lessee fails to take action in 14 days as of the date it became aware of the occurrence of the damage and/or the breakdown, the Lessor and/or the Management Company shall be entitled, however not obligated, to enter the Leased Premises and perform the said actions instead of the Lessee and the provisions set forth in Section 28 of the Agreement shall apply, provided that the Lessor delivered written notice at least 7 days in advance and the Lessee failed to repair the damage and/or the breakdown.

For the avoidance of doubt, the Lessor shall not be responsible for repairing wear in the Leased Premises and/or systems thereof, except for damage and/or breakdown in the utilities of the Leased Premises — in respect of the electricity and water systems, the detectors and the sprinklers that reach the boundary of the Leased Premises and in respect of the air-conditioning system — also inside the Leased Premises. It is clarified that the Lessor shall be responsible for all the existing systems only until the boundary of the Leased Premises in the event of damage or breakdown that does not derive from works or modifications that were implemented by the Lessee. The Lessee shall be responsible for all the systems installed in the Leased Premises, except for the air-conditioning system in the Leased Premises for which the Lessor shall be responsible (except for damages and/or defects deriving from an act and/or omission of the Lessee and/or anyone acting on its behalf).

The Lessor and/or the Management Company shall be responsible for repairing the common systems of the Building, including wear thereof, provided that the repair was not required due to a negligent or malicious act or omission of the Lessee, and in such circumstances as aforesaid the Lessee shall be responsible for the repair, and the Management Company shall maintain these systems and shall repair them even if part of these systems is located in the Leased Premises and not in the Public Areas.

The Lessor undertakes that any repair imposed on the Lessor shall be performed at the earliest opportunity as of the date of receiving the demand of the Lessee to that effect.

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20.5. The Lessor and/or the Management Company shall be entitled to enter the Leased Premises from time to time, at reasonable times, after advance coordination with the Lessee, for the purpose of inspecting the performance of this Lease Agreement and/or for the purpose of performing works and repairs, whether for the Leased Premises and whether for other leased premises, on the condition that they will cause minimal disturbance to the Lessee and, in the event of repairs — after restoring the Leased Premises to their previous condition, in a reasonable manner and to the extent possible.

The Lessor and/or the Management Company shall deliver notice to the Lessee, to the extent possible, regarding their intention to enter the Leased Premises a reasonable time in advance, under the circumstances of the case.

20.6. The Lessee shall not attach and/or install signs or ads on the exterior walls of the Leased Premises or the Building and/or the windows of the Leased Premises however only after obtaining the prior and written approval of the Lessor. Notwithstanding the aforesaid, it is agreed that the Lessee shall be entitled to install signage bearing the name of the Lessee and signage inside the Area of the Leased Premises. The signage shall be installed on the edge of the roof of the Building after the Lessor approves its location as displayed in a simulation presented by the Lessee. Any exterior signage shall be installed by the Management Company in the designated locations in the Project.

20.7. Signage in the designated places in the Project and/or the Building shall be installed solely in accordance with the instructions set forth by the signage consultant of the Lessor and the instructions set forth by the Management Company. The Lessee shall incur its share in the signage expenses and/or in modifications and/or renovation and/or repairs in the signage during the Term of Lease. Without derogating from the said, the Lessee shall be entitled to place signage on the Building in accordance with and subject to the approval of the Lessor.

20.8. The Lessee and/or anyone acting on its behalf undertake to avoid parking and/or placing and/or allowing the loading and unloading of goods of any kind of any vehicle including a motor scooter, in the Public Areas of the Project, except for the designated loading and unloading areas and in accordance with the instructions set forth by the Management Company.

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20.9. The Lessee undertakes to observe the provisions set forth in the law, including the municipal bylaws relating to the prevention of noise, smoke, vibrations, waste and odor nuisance as a result of the operation of the Leased Premises. The Lessee shall incur any fine and all legal costs in case a suit is brought against the Lessee or in case the Lessee files suit against the Lessor and/or the Management Company by any entity, in respect of any act or omission that caused the said nuisances.

20.10.

20.10.1.1. To the extent that the Area of the Leased Premises also includes floor protected spaces (hereinafter: "**Floor Protected Space**") the Lessee declares and affirms that it is aware and it understands that the Floor Protected Space is designated to serve as a floor protected space and/or as a shelter and that its use for any purpose other than a shelter during emergencies is prohibited however only upon obtaining the approval of the competent authority in accordance with the provisions set forth in any law and in accordance with the provisions set forth in the Civil Defense Rules 5711-1951.

The Lessee declares that it will not use the Floor Protected Space without obtaining all the licenses as required in accordance with the provisions set forth in any law including the Civil Defense Law 5711-1951.

The Lessee declares that it shall be exclusively responsible for obtaining all the licenses that are required in accordance with the provisions set forth in any law for the purpose of using the Floor Protected Space and the Lessee shall not raise any claims and/or demands and/or suits against the Lessor in case the Lessee fails to obtain the said licenses.

It is hereby clarified that the right of use of the Floor Protected Space is subject to the instructions set forth by the Home Front Command and the provisions set forth in any law. Without derogating from the generality of the aforesaid, the Lessee undertakes to maintain the Floor Protected Space and use it in accordance with the provisions set forth in any law, the instructions

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set forth by the Home Front Command and the instructions set forth by the Management Company deriving from any law.

During emergencies the Lessee undertakes to vacate the Floor Protected Space immediately and make its available to the public. It is clarified that during the period in which the Floor Protected Space is delivered to the public, the Lessee shall not incur any payment relating to the Floor Protected Space as stated in this Agreement and in the Management Agreement, provided that the Floor Protected Space was made available to the public following issuance of an official order by a competent authority.

The Lessee shall be entitled to lock the Floor Protected Space at its discretion, provided that that in such circumstances as aforesaid the Lessee shall provide to the Management Company a key that will allow entry to the Floor Protected Space only during emergencies or for the purpose of conducting inspections, after advance coordination.

20.10.1.2. To the extent that there are floor protected spaces outside the Leased Premises, the Lessee declares that it is aware that the Lessor may, at its sole discretion, grant to third-parties rights therein and the Lessee shall raise no claim and/or suit against the Lessor in connection therewith.

21. <u>Transfer of rights</u>

21.1. The Lessee shall not transfer the Leased Premises or any part thereof to another and shall not deliver possession thereof or in any part thereof to another and shall not allow to another to use the Leased Premises or any part thereof, whether or not for consideration, and shall not charge, assign or mortgage any of its rights in accordance with this Agreement. Notwithstanding the said, it is agreed that the Lessee shall be entitled to transfer the Lease Agreement to a substitute lessee that will step in and take over the Lessee for the purpose of this Agreement and that will engage in this Agreement with the Lessor however solely after obtaining the prior and written approval of the Lessor and the Lessor shall withhold approval for reasonable considerations only. In addition, the parties agree that the Lessee shall be entitled to lease the Leased Premises in sublease to any other person or entity provided that the Lessee shall continue to be held liable towards

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the Lessor for the Leased Premises in accordance with the provisions set forth in this Agreement.

21.2. The Lessor shall be entitled at any time to sell and/or charge and/or mortgage and/or transfer and/or assign its rights in accordance with this Agreement in whole or in part, and shall be entitled to perform all the said actions with respect to other parts in the Building, including lease thereof, without obtaining the approval of the Lessee and the Lessee shall not be entitled to object to the said, on the condition that the rights of the Lessee in accordance with this Agreement shall not be impaired thereby. The Lessee undertakes to cooperate and sign any document that is required, if any, by the Lessor for the purpose of approving and/or performing the said in this Section, including its approval to assign the rights of the Lessor in accordance with the provisions set forth in the Lease Agreement.

21.3. The Lessee confirms that it is aware that the rights in the Land on which the Building is built are mortgaged and charged in favor of the Bank or that the Lessor might mortgage and charge these rights in favor of the Bank as aforesaid and/or in favor of another bank and/or another financial institution at the absolute and sole discretion of the Lessor, provided that the rights of the Lessee in accordance with this Lease Agreement shall not be impaired thereby. The Lessor shall be entitled to give to the Lessee an irrevocable instruction to pay all sums and payments due to the Lessor from the Lessee in accordance with the provisions set forth in the Lease Agreement to the bank account as instructed by the Lessor to the Lessee and demand from the Lessee to sign any confirmation towards the Bank regarding receipt of such notice as aforesaid.

22. <u>Reliefs and remedies</u>

In case a party to this Agreement breached any of its provisions, the injured party shall be entitled to all the reliefs set forth in the Contracts Law (Remedies for Breach of Contract), 5731-1970 even in the event this Agreement grants a specific relief or remedy for the said breach, and without derogating from the provisions set forth in this Agreement or any law.

22.1. Without derogating from its right to damages for a higher rate or any other relief, in the event of a fundamental breach of this Agreement by the Lessee, the Lessor shall be entitled to pre-estimated liquidated damages in an amount equal to the Rent, the parking fees and the Management Fees in

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addition to VAT, for one month, when the said amount is linked to the Basic Index and until the Index known at the time of payment, whether the Lessor decided to perform the Agreement and whether the Lessor decided to terminate this Agreement.

The parties declare that they consider the said sum as agreed and adequate compensation for the damage that the parties envision as the probable damage caused by a fundamental breach of this Agreement by the Lessee.

22.2. Breach of any of the provisions set forth hereunder of this Agreement shall be deemed as a fundamental breach of this Agreement:

22.2.1.1. Breach of any of the provisions set forth in Sections 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25 and 26 of this Agreement including all sub-sections thereof.

22.2.1.2. Default in any payment the Lessee is obligated to pay in accordance with this Agreement for a period greater than seven (7) days.

22.3. In any event in which the Lessee ceases the use of the Leased Premises or the Lease Agreement for any reason, the Lessee shall be obligated to pay all payments applicable to the Lessee by virtue of this Agreement until expiration of the Term of Lease.

22.4. The Lessor shall be entitled, however not obligated, to terminate this Agreement, notwithstanding any provision in the Agreement regarding the Term of Lease, and demand from the Lessee to vacate forthwith the Leased Premises upon delivery of a ten (10) days' prior and written notice (hereinafter: "**Termination Notice**") and return possession in the Leased Premises to the Lessor as stated in this Section 22 and in Section 23 of this Agreement upon the occurrence of any of the following events:

22.4.1.1. The Lessee committed a fundamental breach of this Agreement or any of its fundamental provisions and failed to cure the breach in 14 days as of the date of receiving written notice from the Lessor demanding to cure the breach.

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22.4.1.2. The Lessee breached this Agreement and the breach is immaterial and failed to cure the breach in 30 days as of the date the Lessee received written notice from the Lessor demanding to cure the breach.

22.4.1.3. A motion was filed with the competent court for the liquidation of the Lessee, for the appointment of a trustee, liquidator, temporary liquidator, a receiver for a material part of its assets and/or the imposition of an attachment on material part of its assets and an order was issued in accordance with this motion or the motion was not dismissed or canceled in 90 days as of the date of filing thereof with the court and/or in case the Lessee filed an application for its liquidation or its declaration as bankrupt and/or for conducting a composition with creditors.

22.4.1.4. The guarantees and/or the other securities that were provided in accordance with the provisions set forth in Section 24, in whole or in part, for the purpose of performing this Agreement, to the extent provided, expired, were canceled or were declared as null and void by the competent court for any reason.

22.5. In the event a Termination Notice was delivered, the provisions set forth in Sections 22-23 hereunder shall apply and the following provisions shall take effect:

22.5.1.1. The Lessee shall be responsible for returning to the Lessor and the Management Company, immediately upon receiving a peremptory judgment, all expenses, damages and losses that were caused to the Lessor and the Management Company due to the breach of the Agreement by the Lessee, as ruled in the judgment.

22.5.1.2. The Lessee shall not be entitled to object in any manner and/or try and delay and/or prevent an engagement between the Lessor and any other Lessee and/or try and prevent or delay the lease of the Leased Premises or a part thereof to another substitute lessee. The aforesaid provisions shall apply both with respect to the

relationship between the Lessor and the Lessee and with respect to the relationship between the Lessee and the substitute lessee and shall be deemed, *inter alia*, as contractual provisions made in favor of a third-party.

22.6. Any default in payment by any party, beyond the period specified in since 22.1.1.2, shall incur interest at the maximum rate permissible by law at the time, and in case there is no limitation by law on the interest rate, interest in arrears at the maximum rate as instructed by the Bank for overdraft at the time for the period of default, without derogating from the right of the entitled party to compensation at a higher rate or any other relief.

23. Vacating the Leased Premises

23.1. The Lessee undertakes to vacate the Leased Premises upon expiration of the Term of Lease or upon shortening thereof or following the termination or the expiration of this Lease Agreement, whichever is earlier and as the case may be, and return the Leased Premises to the sole possession of the Lessor when the Leased Premises include all the additions and/or works and/or improvements attached thereto that were performed by the Lessee and/or the Lessor in the Leased Premises, for no consideration, and subject to reasonable wear, however in any event when the Leased Premises are in good and operable condition. Notwithstanding the said, it is agreed that the Lessee shall not be obligated to leave in the Leased Premises electrical cabinets that will be installed by the Lessee in the ground floor, provided that the removal of the said electrical cabinets from the Leased Premises shall not cause any damage or breakdown and the Lessee shall perform any repair that is necessary after their removal so that the Leased Premises shall be returned when they are in good and operable condition.

Subject to the provisions set forth above, the Lessee shall return the Leased Premises when the Leased Premises are free from any person and article and at the expense of the Lessee.

23.2. In 30 days as of the date of vacating the Leased Premises for any reason, the Lessee shall furnish to the Lessor the approvals from any municipal and/or governmental and/or other authority and/or from any entity that the Lessee undertook in this Agreement to make direct payments to, and evidencing that the Lessee made all payments relating to the Term of Lease, and that the Lessee has no debt or obligation towards any of the said entities.

For the avoidance of doubt, in case the Lessee fails to furnish all the approvals as aforesaid on time, the Lessee shall be deemed for the purpose of this Agreement as if it did not make the said payments and the Lessor shall have all rights in connection therewith, including the right to enforce the securities that were provided to the Lessor for the purpose of assuring the fulfillment of the undertakings of the Lessee or any part thereof.

23.3. The Lessee shall pay to the Lessor pre-estimated liquidated damages in an amount equal to the Rent due to the Lessor in respect of the last month of lease divided by 15 and subject to the provisions set forth regarding Linkage as stated in this Agreement, for each day of delay in vacating the Leased Premises. In case the delay in vacating the Leased Premises was greater than 30 days, the Lessee shall pay to the Lessor pre-estimated liquidated damages in an amount equal to the Rent due to the Lessor for the last month of lease as aforesaid, divided by 10, for each day of delay in vacating the Leased Premises.

23.4. The parties declare that the said amount constitutes adequate and agreed compensation for the damage that the parties envision as a probable outcome of a delay in vacating the Leased Premises as aforesaid, without derogating from the right of the Lessor to seek any other relief and/or compensation for a higher rate, including compensation imposed on the Lessor, if any, towards any substitute lessee.

23.5. For the avoidance of doubt, and without derogating from the aforesaid, the Lessee shall be obligated the pay any payment of the Rent and the Management Fees in respect of the period of the delay in vacating the Leased Premises, including and in particular the payments for which the Lessee is obligated to furnish approvals as stated in Section 23 above.

24. Securities

24.1. As a security for the fulfillment of all its undertakings in accordance with this Lease Agreement and the Management Agreement, no later than the date of signing this Agreement the Lessee shall furnish to the Lessor an unconditional, assignable bank guarantee, made in favor of the Lessor, payable in installments and duly stamped, at the expense of the Lessee, in the form hereby enclosed as **Appendix H** of this Agreement and that shall be in effect for one year and the said guarantee shall be extended each time

in such manner that out shall apply during the entire Term of Lease, as stated in Section 24.3 hereunder, and up to 60 days after expiration of the Term of Lease and for the amount specified in **Appendix F** and in accordance with the Linkage terms as stated in **Appendix F**, in the amount of the Rent and the Management Fees for 3 (three) months of lease (hereinafter: "**the Bank Guarantee**" or "**the Securities**").

24.2. The Lessee shall incur all costs in connection with the Bank Guarantee, if and to the extent that there are any. The Lessor shall be entitled, at its sole discretion, and after delivery of a 14 days' prior and written notice as a minimum, and in the event the breach was not cured during this period, to enforce the Bank Guarantee, in any event of breach of this Lease Agreement by the Management Company or in any event in which any sums are due to the Lessor and/or the Management Company from the Lessee and these sums were not paid on time.

24.3. In 60 days after expiration of the Term of Lease or the Additional Term(s) of Lease, as the case may be, the Securities shall be returned to the Lessee, provided that the Lessee fulfilled all its material undertakings in accordance with the provisions set forth in this Agreement.

24.4. For the avoidance of doubt, the delivery of the Securities and/or enforcement thereof by the Lessor and/or the Management Company shall not derogate from the right of the Lessor and/or the Management Company to collect any sum due from the Lessee in any other manner or release the Lessee from any of its obligations in accordance with this Agreement or the Management Agreement, or limit the amount of the compensation and/or the damages that the Lessor and/or the Management Company are entitled to collect from the Lessee.

24.5. In the event the Securities were enforced, the Lessee undertakes to make good immediately the amount of the Securities in such manner that the said amount shall be equal to their amount prior to their enforcement.

25. Non-applicability of tenancy protection laws

The parties agree that the provisions set forth in the Tenant Protection Law [Consolidated Version] 5732-1972 and other tenancy protection laws including all regulations and orders promulgated thereunder (hereinafter: "**the Law**") shall not apply to the Leased Premises and/or to Lease Agreement and that any law that grants

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to the Lessee the status of a protected tenant or that entitles the Lessee not to vacate the Leased Premises upon the occurrence of the events and at the times in which the Lessee is obligated to vacate the Leased Premises in accordance with this Agreement.

The parties declare expressly and confirm that the Leased Premises are located in a building whose construction was completed/will be completed after 20/8/1968 and that this lease is made on the express condition that the Law shall not apply to the lease. The Lessee declares that it did not pay and will not pay to the Lessor any key money or any other consideration other than the Rent and/or Management Fees in connection with this Agreement and that the Lessee or anyone acting on its behalf, including any member thereof and/or shareholders therein, shall not be a protected tenant in the Leased Premises in accordance with the provisions set forth in any law and the Lessee shall be precluded from raising any suits or claims in connection with its status as a protected tenant or argue that it has more rights in the Leased Premises than the rights granted to the Lessee expressly in this Agreement.

The Lessee declares that all the investments it will make in the Leased Premises shall be made solely for its own purposes and the Lessee shall be precluded from arguing the these investments constitute key money or a substitute for key money or payment made in accordance with the provisions set forth in Section 82 of the Law or any payment that grants the Lessee any rights in the Leased Premises and the Lessee shall be precluded from demanding from the Lessor any participation or reimbursement, in whole or in part, in respect of the said investments and the provisions set forth in Section 21 above shall take effect.

26. Crediting of payments and lack of right of setoff

26.1. In any event in which the Lessee owes a number of payments in accordance with this Agreement, the Lessor shall be entitled to determine, at the time of making payment, and at its sole discretion, the order of allocation of the different payments. As long as the Lessor does not notify the Lessee otherwise, the payment shall be allocated first to the Rent, followed by parking fees, followed by Management Fees, followed by electricity, and finally for the other expenses seriatim.

26.2. For the avoidance of doubt, the Lessee shall not be entitled to offset from the Lessee's Payments any sums that are due to the Lessee from the Lessor and/or the Management Company, if any.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

26.3. The Lessee declares that it is aware that Section 26 is a fundamental section in the Agreement and that its breach shall be deemed as a fundamental breach of this Agreement.

27. Force majeure

The Lessee declares and undertakes that the Lessor shall not be deemed to have breached this Agreement or shall not be deemed to have failed to perform any of its conditions and the Lessee shall not be entitled to obtain any relief vis-à-vis the Lessor, if the reason for the breach of the Agreement or failure to fulfill the condition derived from circumstances over which the Lessor has no control, including due to fire, explosion, a natural disaster, a strike of an authority whose action is necessary and relevant for the purpose of this matter, war, terrorist activities, or stop-work orders issued by the authorities provided that such orders as aforesaid were not issued due to the negligence of the Lessor or the breach of the provisions set forth in the law by the Lessor.

28. Performance of undertakings instead of another party

Whenever the Lessee is obligated to perform any action or work or make any payment in accordance with this Agreement or make any payment and the Lessee failed to perform the said action or work or payment until the date set for this purpose in the Agreement or in accordance with the provisions set forth in any law, and in the absence of such a date as aforesaid — until the date designated for that purpose in a written demand the Lessee receives from the Lessor — the Lessor and/or the Management Company shall be entitled, however not obligated, to perform the said action or work or payment instead of the Lessee and at its expense, whether by themselves and whether by others.

In such circumstances as aforesaid the Lessee shall be obligated to pay to the Lessor, immediately upon receiving its demand, all the sums or losses or damages that the Lessor or the Management Company paid or incurred in connection with the performance of the action or the work or the said payment, with the addition of 15% of the said sums for general expenses and with the addition of VAT and Linkage Differentials to the Index and the interest specified in Section 22.6 above, as of the date in which the Lessor and/or the Management Company incurred the said expense and until the date the Lessee returned the full amount.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

29. Miscellaneous

29.1. This Agreement including Appendixes thereof express the entire, full and exclusive relationship, rights and obligations between the Lessor and the Lessee.

29.2. Upon signing this Agreement that constitutes the entire and full agreement between the parties, any contract and/or memorandum of understanding and/or agreement and/or declaration and/or prospectus and/or assurance and/or publication that were made, if any, by the Lessor or its representatives or anyone acting on its behalf are hereby null and void and the Lessor shall not be bound by any thereof.

29.3. The parties hereby declare that they sign this Agreement after conducting all necessary inquiries and inspections and that no party relied on any information unless the information stated expressly in this Agreement.

29.4. The headings of the sections will serve for the purpose of orientation and convenience only, and will not serve for the purpose of interpreting the Agreement.

29.5. None of the provisions and terms set forth in this Agreement including Appendixes thereof shall detract from any other term or provision set forth in this Agreement however shall add thereto.

29.6. Any modification and/or waiver and/or deviation from the provisions set forth in this Agreement shall be null and void unless executed in writing and signed by the parties.

29.7. The consent of one of the parties to deviate from the provisions set forth in this Agreement in particular circumstances shall not constitute precedent and no similar conclusions shall be drawn with respect to other circumstances. In case a party to this Agreement did not exercise a right granted to it in accordance with this Agreement in particular circumstances, this shall not be deemed as waiver of the said right in these circumstances and/or in any other similar or different circumstances and no conclusion regarding the waiver of that party shall be drawn therefrom. No similar conclusions shall be drawn from a waiver made in particular circumstances with respect to other circumstances.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

29.8. This Agreement shall not give rise to a relationship of partnership and/or agency between the parties and shall not grant rights to any third-party that is not specified in the Agreement and this Agreement shall not derogate or affect any obligation or undertaking of any third-party.

29.9. For the avoidance of doubt, it is clarified that the rights that are granted to the Lessee in accordance with this Agreement, to the extent that such rights are granted to the Lessee, are granted to the Lessee solely with respect to the Leased Premises and the Lessee does not and will not have any rights in connection with existing or additional construction rights and/or existing and/or additional construction areas that will be approved and built by the Lessor or by any third-party and/or in connection with any use in any part of the Building, whether existing and whether constructed in the future that is not part of the Area of the Leased Premises, including roofs, passageways and the like. The Lessee approves in advance any action and/or use as aforesaid and shall not be entitled to object in any manner to any thereof.

For the avoidance of doubt, it is further clarified that the Lessee shall not be entitled to at any time to register a caveat and/or any other property right and/or contractual right by virtue of its rights in accordance with this Agreement in any register.

29.10. The parties shall incur stamp duty in connection with this Agreement, to the extent applicable.

29.11. The addresses of the parties for the purpose of this Agreement are as stated in the preamble to this Agreement and any notice delivered by one party to the other in registered mail according to the addresses specified above shall be deemed to have reached its recipient in 72 hours from the time of its delivery from the post office, and if delivered in person — at the time of its delivery, unless a party notified the other party regarding change of address.

For the purpose of this matter the Leased Premises shall also be deemed as the address for delivery of notices to the Lessee.

29.12. The parties submit to the jurisdiction of the competent courts in the city of Tel Aviv as having sole and exclusive jurisdiction in anything relating to and arising out of this Agreement.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

In Witness Whereof The Parties Hereto Have Hereunto Set Their Hands And Seal On The Day, Month And Year First Hereinabove Written:

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Lessor	**The Lessee**
By the Messrs.	**By the Messrs.**

I, the undersigned, Adv. of St., hereby confirm that the Messrs. (ID. No.) and (ID. No.), who are entitled to sign in the name of the Lessee on this Agreement, in such manner that their joint signature binds the Lessee for all intents and purposes, appeared before me and signed this Agreement.

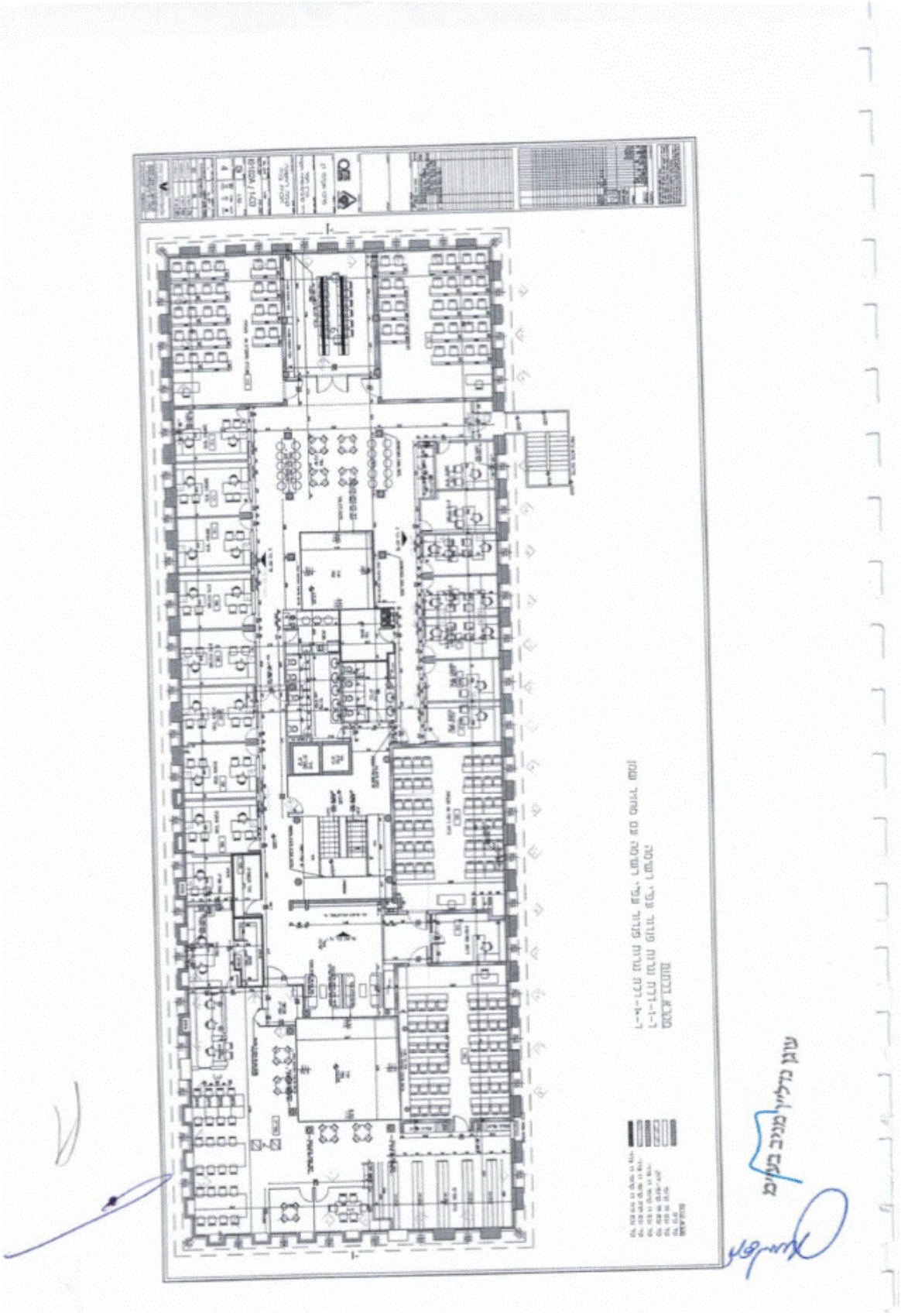
And in witness hereof I am hereby undersigned:

_____

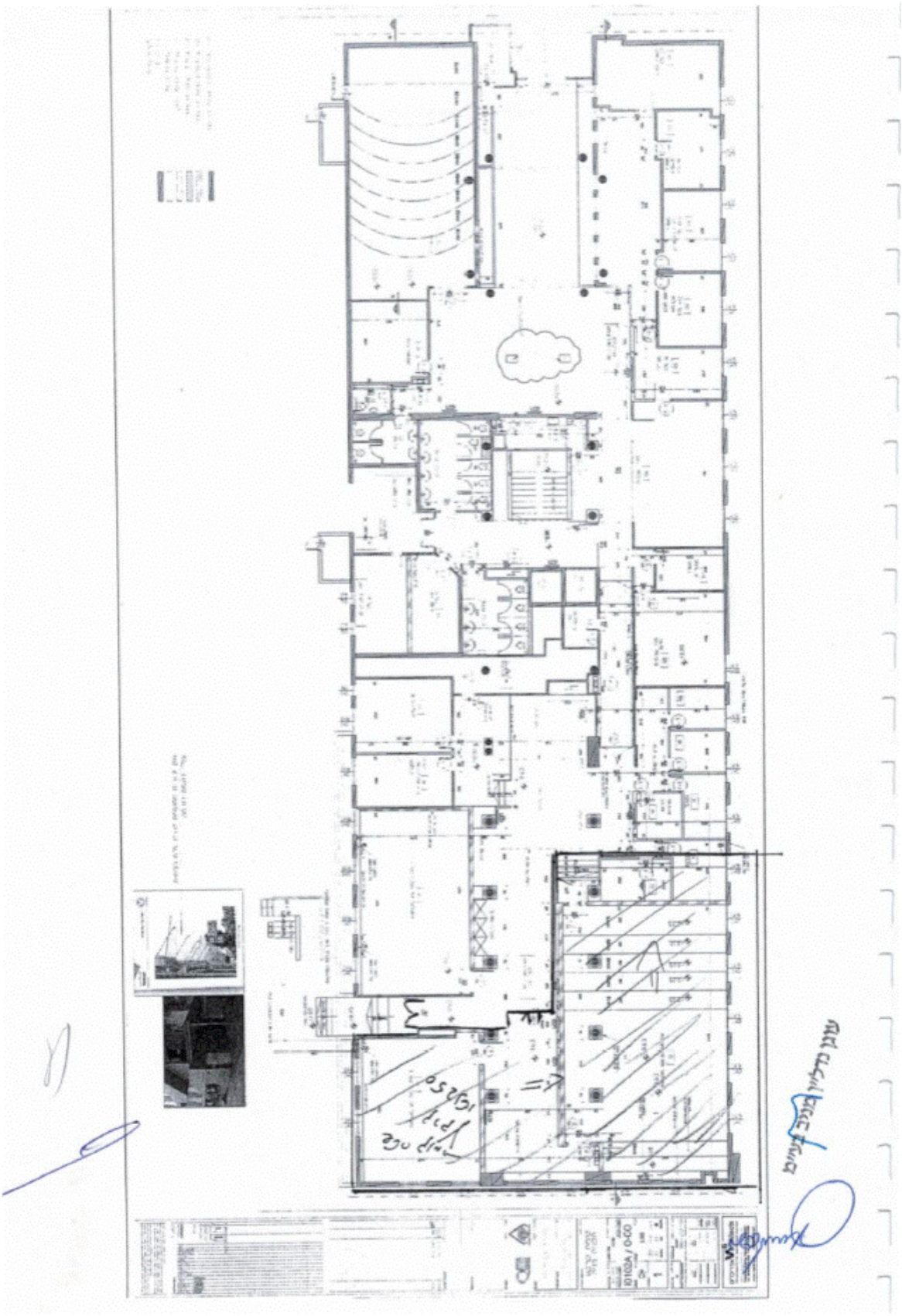
, Adv.

On the day in the month of in the year

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]



[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]



[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Appendix C — Electricity

1. **Electricity**

1.1. Definitions

In this section: "**The Engineer**" — electrical engineer or a certified electrician who are responsible for the electricity system in the Project on behalf of the Lessor.

"**Electricity Services**" — the supply of electricity, including operation, maintenance, and insurance of electrical facilities and control systems that will be installed in the Project and in the Leased Premises by the Lessee.

1.2. **General**:

1.2.1. The Lessee declares that it is aware that the Lessor is the right holder vis-à-vis IEC and any other entity in anything related to the electricity utilities provided to the Project and that the said rights are the exclusive property of the Lessor. The right granted to the Lessee in accordance with this Agreement is a temporary right of use for the Term of Lease and subject to any other condition and provision set forth in this Agreement.

1.3. Supply in bulk

The Lessee declares that it is aware that the Lessor engaged with IEC in an agreement for the supply of electricity in bulk (hereinafter: "**Electricity Supply Agreement**") in accordance with the customary rules in IEC and it undertakes and declares that:

1.3.1. The Lessee shall not be entitled to request direct and/or separate supply of electricity from IEC and/or from any other entity except for the Lessor and shall not be entitled to request from Israel Electric Corp. to install a separate meter for the Lessee or to make direct payment to IEC.

1.3.2. The Lessee hereby waives any claim and/or suit on any grounds against IEC in respect of failure to supply electricity and/or disruption in the electricity supply. The Lessee undertakes to indemnify IEC for any expense and damage caused to IEC as a result of a suit due to failure to supply electricity and/or disruptions in its supply when the said suit is filed against IEC by an invitee and/or an authorized person on behalf of the Lessee.

1.3.3. Without derogating from the aforesaid, in case the Lessee installs any electronic or electrical equipment, the Lessee shall not be entitled to raise any claims and suits against the IEC due to the termination of electricity supply and/or disruptions in its supply.

1.3.4. The Lessee shall not be entitled to produce, supply and/or sell electricity and/or provide any electricity services to anyone acting on its behalf and/or to any third party whether or not for consideration and whether directly or indirectly.

2. The Lessee is aware that IEC is entitled to amend the electricity contract and it agrees in advance to any amendment made in the terms set forth in this contract as a result of a demand for alterations made by the electricity supplier.

3. **Electricity supply**

3.1. The supply of electricity to the Leased Premises shall be made in the capacity specified in Appendix **B1** of the Agreement, in alternating current in a frequency of 50 cycles per second, 230V between phase to zero and 400V between one phase to the other. Supply will be single phase or three phase including safety with semi-automatic circuit breakers that are designated for the nominal current of the Leased Premises. The Lessee is prohibited from replacing the said circuit breakers without obtaining the approval of the Management Company.

3.1.1. The Lessee is prohibited from extending and/or altering and/or making any additions to the electrical facilities provided to the Leased Premises and the Lessor shall be entitled to disconnect and/or remove immediately any extension, alteration, addition and the like that were implemented without obtaining the approval of the Lessor, at the expense of the Lessee, and without derogating

from the liability of the Lessee for any damage caused to the electricity supply facilities as a result of such work as aforesaid.

3.1.2. In case the Lessee is interested to receive electricity in addition to the amount of electricity supplied to the Leased Premises in accordance with provisions set forth above, the Lessor shall inquire the possibility to increase the electricity supply to the Leased Premises according to the electricity capacity in the Project and shall be entitled to reject or accept the said request at its absolute and sole discretion. It is agreed that the electricity supply to the laboratory area in the Leased Premises shall not fall below 63 ampere.

The Lessee hereby declares that it is aware that the Lessor is not obligated to supply electricity beyond the amounts specified in the Technical Specification of the Leased Premises and shall raise no claims or suits towards the Lessor in case the Lessor rejects its request.

The Lessee shall incur payment for an additional electricity connection as stated above in 7 days as of the date of receiving the demand of the Lessor. The Lessee shall be solely responsible for the installation of any wiring or additional systems that require the addition of electrical capacity as aforesaid and these shall be performed solely at the expense and under the responsibility of the Lessee.

4. Prior to the Lease Commencement Date and after completion of the Lessee's Works, the Lessor undertakes to conduct an inspection of the electrical facilities by a certified electrical engineer that will grant his approval regarding the connection of the Leased Premises to the electricity services prior to and as a condition for connecting the Leased Premises to the network supplying electricity in bulk. The Lessee is required to deliver to the Lessor

the certificate of a certified electrical inspector for the electrical connections in the laboratory in the ground floor and the Lessee undertakes to conduct an inspection of the electrical facilities once a year by a certified electrical engineer on its behalf, that will approve the electrical connections in the Leased Premises prior to and as a condition for the connection of the Leased Premises to the network of electricity in bulk.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

5. **Safety**

5.1. The Lessor and/or the Engineer and/or anyone acting on their behalf shall be entitled to visit the Leased Premises at any reasonable time without delivery of advance notice and inspect any electrical facilities installed in the Leased Premises in order to inspect its safety and compliance with the customary safety standards.

5.2. In case the Engineer is of the opinion that any electrical facility that was installed in the Leased Premises by the Lessee might cause damage to the general electricity supply system in the Project and/or that it may constitute a safety nuisance and obstacle and/or fails to meet customary safety standards and/or the load it imposes on the electricity system might disrupt the system — the Engineer shall be entitled to demand the repair and/or replacement and/or modification of the facility and the Lessee undertakes to take all measures that are required for the purpose of meeting the demands of the Engineer in 14 days.

5.3. The Lessee shall be held liable for any damage caused to electrical equipment and/or electrical facilities in the Leased Premises and/or in the electricity system located outside the Leased Premises as a result of the operation of a defective electrical facility, as specified above.

6. **Maintenance of electrical facilities**

6.1. The Lessor will grant access to authorized employees on behalf of the Lessor at any reasonable time and upon advance coordination, to any electrical facility in the Leased Premises for the purpose of testing, inspecting, installing, repairing and replacing defective parts, including the removal, dismantling, assembly and other works that the Lessor deems necessary in the electrical facilities that supply electricity services to the Leased Premises. The Lessee shall assure to remove and/or move any facility that may disrupt the implementation of such works as specified above.

6.2. For the purpose of performing the said works the Lessor shall be entitled to disconnect temporarily the electricity supply to the Leased Premises, following advance coordination with the Lessee, and for the required period of time, and provided that the period of time in which the electricity supply

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

to the Leased Premises is disconnected is reasonable, taking into account the type of work implemented in the Leased Premises.

7. **Electrical facilities**

7.1. Any device, accessory and any other piece of equipment that are connected to the electricity supply system (hereinafter: "**Electrical Facilities**") are the exclusive property of the Lessor.

7.2. The Lessee shall be prohibited from performing any work of any kind in the Electrical Facilities without obtaining the prior and written approval of the Lessor to perform such works as aforesaid not by the Lessor and/or anyone acting on its behalf.

8. **Limitation of liability of the Lessor in the event of power outage or failures in its supply**

The Lessor shall be entitled to discontinue or restrict the supply of electricity to the Leased Premises and to other places in the Project upon the occurrence of the following events:

8.1. In any event of power outage or limited power supply deriving from an internal malfunction and/or an external malfunction in the main electricity services system in the Project, such as national or regional power outages deriving from the systems of IEC or in the internal electricity system of the Project (hereinafter: "**Power Outage**").

8.2. In any event of danger to the body or property and/or in any other event in which the Engineer instructs that it is necessary to have such Power Outage.

8.3. In any event in which it is possible to notify the Lessee regarding a predictable Power Outage the electricity supply to the Lessee shall not be terminated before the Lessor and/or the Management Company deliver written notice to the Lessee a reasonable time in advance in connection therewith.

8.4. The Lessor shall not be held liable and shall not incur any damage, whether directly or indirectly, caused to the Lessee due to the Power Outage in the circumstances specified above and/or in any other circumstances over which the Lessor have no control.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

9. **Unforeseen changes**

If as a result of a law, regulation, order, decision, standard or action prescribed by a competent authority it is necessary, at the discretion of the Lessor, to perform any modifications in the electricity supply system to the Leased Premises, the Lessor shall perform the said modifications on the condition the Lessor delivered to the Lessee a prior and written notice to the Lessee a reasonable time in advance.

10. In the event of a fundamental breach of this Agreement, including and in particular in the event the Lessee failed to pay the Rent or the Management Fees due from the Lessee, the Lessor shall be entitled to disconnect the electricity supply to the Leased Premises after delivery of 7 days' prior and written notice to the Lessee. In the event of a power outage as aforesaid, the Lessee shall solely incur all costs, damages and losses in respect of the said power outage.

11. **Termination of supply in bulk**

Notwithstanding the aforesaid, after obtaining the approval of IEC the Lessor and/or the Management Company shall be entitled to instruct the Lessee to connect to the power network and the electricity supply that are provided by IEC on the condition that they deliver prior and written notice to the Lessee in connection therewith and in such circumstances as aforesaid the provisions and rules set forth by the IEC shall apply in connection with the engagement and the supply of electricity to the Lessee. The Lessee shall solely incur all expenses in connection with the engagement with IEC as aforesaid and following the connection of the Leased Premises to the electricity network of IEC.

12. **Payment for electricity services**

12.1. The Lessor shall install at its expense and under its responsibility a secondary electricity meter and a secondary water meter in the Leased Premises (the electricity meter installed by the Lessor shall operate according to time of use metering).

12.2. Once a month, and no later than the 14th of each month, the Lessor shall submit to the Lessee a bill for the electricity and water consumption in the Leased Premises according to the readings of the said electricity and water meters. The rate charged from the Lessee in respect of the consumption of electricity in the Leased Premises according to the reading of the said meter

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

shall be the customary rate from time to time charged by IEC for consumption of electricity according to time of use meeting for low voltage.

12.3. The Lessee undertakes to pay to the Lessor in respect of electricity consumption during the Term of Lease according to the bills delivered by the Lessor and according to low voltage, time of use metering method. The Lessee confirms and agrees that the Lessor shall be entitled to disconnect the electricity supply to the Leased Premises both due to failure to pay the debt in respect of the supply of electricity and in respect of any fundamental breach of this Agreement, on the condition the Lessor delivers to the Lessee a 7 days' prior and written notice in connection therewith. The Lessee declares that it is aware that the payments in respect of the consumption of electricity shall be made in addition to and not instead of other payments in accordance with this Agreement.

13. The Lessee declares that it is aware that there is a private substation that is active in the Project and all auxiliary facilities and/or all facilities that are related to the said substation and the Lessee waives any claim and/or suit, including claims regarding noises and/or nuisances against the Lessor and against IEC regarding the said substation and its operation in the project.

14. The Lessor shall not be held liable and shall not incur any damage, whether direct or indirect damage, caused to the Lessee in respect of the said in this **Appendix C** or in any other circumstances over which the Lessor has no control.

15. It is clarified that anywhere in this Appendix that the term "Lessor" is used this shall also mean the Lessor and/or the Management Company.

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Lessor	**The Lessee**

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Appendix D

Management Agreement

Made and executed in Tel Aviv on the day of , 2017

Between

Ogen Yielding Real Estate Ltd.
Of *3 Har Sinai St., Tel Aviv*
(Hereinafter: "**the Management Company**")

The first party;

And between:

PolyPid Ltd.
Company No. 514105923
Whose address for the purpose of this Agreement is:
(Hereinafter: "**the Lessee**")
(After delivery of possession the address of the Lessee shall also be in the Leased Premises, within their meaning hereunder)

The second party;

Whereas: The Lessee signed a Lease Agreement with the Lessor with respect to the Leased Premises, within the meaning of these terms hereunder;

And whereas: The Lessee undertook to sign this Management Agreement following its signature and as stated in the Lease Agreement, within its meaning hereunder;

And whereas: The Lessor, within its meaning hereunder, appointed the Management Agreement, to manage and operate the Building and to perform the services, within their meaning hereunder;

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

And whereas: The Building will include offices, commercial areas and parking lots that require central management and standard rules of conduct;

And whereas: The Lessee agrees that the exclusive management and performance of the services shall be provided by the Management Agreement in accordance with the provisions set forth and for the consideration specified hereunder and in accordance with the provisions set forth in this Agreement;

And whereas: This Agreement clarifies the mutual obligations between the parties regarding the management and performance of the Services in the Building;

Therefore, it is Declared, Stipulated and Agreed between the Parties as Follows:

1. **Preamble, definitions and interpretation**

1.1. The preamble hereto shall be deemed an integral part of this Agreement.

1.2. As used in this Agreement, the following terms shall have the respective meanings set forth beside them below:

"The Building" – Within its meaning in the Lease Agreement.

"The Lease Agreement" – The Unprotected Lease Agreement signed between the Lessor and the Lessee on *27.3.14* with respect to the Leased Premises, within their meaning hereunder.

"The Lessor" – Within its meaning in the Lease Agreement.

"The Leased Premises" – Within their meaning in the Lease Agreement.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

"Area of the Leased Premises" – Within its meaning in Appendix F of the Lease Agreement.

"The Units" or "Leased Areas" – All parts of the Building and/or areas therein that will be leased and/or made available to and/or for the use and/or that will be delivered by the Lessor to different possessors for different purposes and goals at the discretion of the Lessor, except for the Public Areas.

"The Parking Lot" – Areas designated for parking in two floors and areas designated for parking in the ground floor on the Land.

"Public Areas" – Unless otherwise stated — all areas in the Building, including all structures, additions and modifications added thereto from time to time, and a colonnade, roofs, basements, passageways, entries and exits, service rooms and areas and/or service corridors, toilets, technical areas such a power rooms, air conditioning and systems, loading and unloading areas, elevators, stairs and any other area in the Building designated for the use or that is actually used by the public and/or a number of lessees and protected spaces, unless the said areas designated for lease and/or sale and/or operation as a parking lot.

The Lessor and/or the Management Company shall be entitled to add to the Public Areas or exclude therefrom any part of the Building, the passageways, the corridors, entries and any other area that is not part of the Units and in particular the roofs and attach the said areas to specific Units and deliver to the use of any entity all or part of the said areas, without exception, from the

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

common property, provided that the reasonable use of the Leased Premises by the Lessee in accordance with the Purpose of Lease including access to the Leased Premises shall not be impaired thereby.

"Lessor's Engineer"	–	An engineer or an architect that will be appointed by the Lessor from time to time for the purpose of filling the functions and exercising the authorities granted to him in accordance with this Agreement.
"The Services"	–	The services provided by the Management Company as stated in Section 3.1 hereunder, in whole or in part, at the discretion of the Lessor.
"Special Services"	–	Additional services, even if not customary in office buildings such as the Building such as: cleaning and maintenance of the Units themselves or any system therein, installation of facilities and/or air-conditioning systems in leased areas and/or for these areas, renovations, courier services and the like at the sole discretion of the Management Company. It is clarified that the Management Company shall be entitled to convert part of the Special Services and turn them into standard services at its sole discretion, if the said Special Services are provided to the majority of the lessees in the Building.
"Effective Date"	–	The Lease Commencement Date, as stated in the Lease Agreement.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

"The Lessee" or "the Tenant" or "the Possessor"	–	The Lessee and anyone that is from time to time the possessor and/or the user of the Leased Premises — jointly and severally.
"The Management Company"	–	Including its representative, agent or any legal entity coming in its place as instructed by the Management Company from time to time, at its sole discretion, and as long as the Management Company is not appointed or as long as the Management Company did not start the management and maintenance of the Building or in the event the said appointment was terminated as aforesaid, the Lessor shall serve as the Management Company.
"The Expenses"	–	All expenses (in gross values) associated with the management and performance of the Services, excluding special services, including management expenses, collection, overhead and funding associated with the operation of the Management Company, including taxes, depreciation fund for the purpose of replacing and retrofitting equipment and systems that serve the Lessees in the Building or their majority.
"Management Fees"	–	The Management Company shall be entitled to Management Fees as stated in Appendix F of the Lease Agreement.
"Hours of Activity in the Building"	–	Within their meaning in the Lease Agreement.
"Hours of Activity in the Parking Lot"	–	The Parking Lot operates 24 hours a day all days of the week subject to the procedures set forth by the Lessor and/or the Management Company that shall be

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

entitled to change the said hours of activity from time to time.

"Irregular Hours of Activity"	–	Within their meaning in the Lease Agreement.

1.3. All other terms as defined in this Agreement shall have the meaning assigned to them in the Lease Agreement and the definitions assigned in the Lease Agreement shall be deemed to be incorporated in this Agreement unless another interpretation or definition were assigned to them for the purpose of this Agreement.

1.4. This Agreement constitutes an appendix of the Lease Agreement and shall add to the Lease Agreement however shall not derogate therefrom.

1.5. It is hereby clarified that at the sole discretion of the Lessor, the Lessor, within its meaning in the Lease Agreement, or anyone acting on its behalf, and the Management Company within its meaning in this Agreement, or any other competent entity that obtained the approval of the Lessor, may sign this Agreement in the name of the Management Company.

1.6. Anywhere in the Lease Agreement that grants a right to the Management Company, the said right shall be deemed as the right of the Management Company in accordance with this Agreement.

1.7. The headings of the sections will serve for the purpose of orientation and convenience only, and will not serve for the purpose of interpreting the Agreement.

2. **The management**

2.1. The Management Company undertakes and warrants to manage and perform the Services in proper level and standard and the Lessee agrees to the said and consents to the exclusive management and performance of the Services. The Lessee waives any right to manage the Building, including by a tenants' association and it grants all authorities granted to such a representation to the Management Company and undertakes to act in accordance with the provisions set forth in this Agreement.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

2.2. The management period in accordance with this Agreement shall commence on the Effective Date.

3. **The Management Fees**

3.1. The Management Company shall be entitled to the Management Fees as stated in **Appendix F** of the Lease Agreement and therefore the provisions set forth in this Management Agreement relating to the estimate of the costs of the management expenses and/or the manner of their collection shall not apply thereto.

3.2. Notwithstanding the said, it is agreed that during the Second Term of Lease (within its meaning in Appendix F) the Lessor and/or the Management Company shall be entitled to change the amount of the Management Fees in such manner that the Management Fees shall be at a rate of 15% (fifteen percent) of the expenses that shall be added to all the expenses associated with the management and performance of the Services in the Building. In addition, the Management Fees in the Parking Lot, to the extent that the Parking Lot constitutes part of the Leased Premises, shall be at a rate of 15% (fifteen percent) of the expenses that shall be added to all the expenses associated with the management and maintenance of the Parking Lot. In case the Management Fees were changed as aforesaid, the provisions set forth in this Appendix shall take effect, *mutatis mutandis*, including with respect to the calculation of the Management Fees expenses, the obligation of the Management Company to keep proper records regarding the estimate of the management expenses in the complex and the manner of distribution of the expenses among all the lessees in the complex.

3.3. Notwithstanding the said anywhere else in this Agreement, it is agreed that in the event the Lessor changes the Management Fees in such manner that the Management Fees are at a rate of 15% (fifteen percent) of the expenses that shall be added to all the expenses associated with the management and performance of the Services (as stated above), in such circumstances the amount of the said Management Fees might change during the Term of Lease, and the Lessee shall raise no claim and/or demand and/or suit in connection therewith against the Lessor and/or the Management Company, provided that the Management Fees that the Lessee is obligated to pay shall not be greater than 5% a year compared to the fixed Management Fees (in accordance with the provisions set forth in Appendix F) that were paid in the previous month prior to the change of the Management Fees as stated in

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Section 3.2 above, except for circumstances of increase of the minimum wages in the market and/or the electricity costs and/or linkage differentials to the Basic Index, and in such circumstances as aforesaid the Lessor shall be entitled to increase the Management Fees that the Lessee will actually pay accordingly and without the limitation specified above.

3.4. The Lessee declares and warrants that it shall raise no claims and/or demands and/or suits against the Lessor and/or the Management Company in connection with the change of the Management Fees as stated in this Section.

4. **Functions and responsibilities of the Management Company**

4.1. **Functions of the Management Company**

The functions of the Management Company as part of the performance of the Services in accordance with this Agreement shall be as follows, *inter alia*:

4.1.1. Management, operation, repair, guarding, preservation, renovation (including general renovation), landscaping, improvement (including upgrade), maintenance, inspection, retrofitting, whitewashing, painting, waterproofing, tarring, cleaning, waste disposal, fumigation, inspection, lighting, touring, and control of persons entering and exiting the Building, dwelling and systems insurances, including insurance for the Public Areas and equipment, systems, facilities and areas in the Building and in the Parking Lot that serve and/or are used by part or all of the Units in the Building and/or the lessees in the Building, or a part thereof, and that are not owned and/or leased and/or under the responsibility of any lessee including: generators, electrical equipment, PA system, TV, intercom, electricity systems, lighting, communication systems, plumbing systems, sewage system, drainage systems, waste disposal and trash disposal systems, gas systems and containers, elevators and the like.

4.1.2. Gardening and landscaping of the gardens and the vegetation in the Public Areas, if and to the extent that there are any.

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4.1.3. Inspection, repair, improvement (including upgrade) and current maintenance of the Building systems (air conditioning, electricity, fire suppression, plumbing and the like).

4.1.4. Maintenance, warranty, repair and waterproofing of the roofs and basements in the Building.

4.1.5. Installation, maintenance, inspection, improvement (including upgrade) and repair of directional and informational signage in the Public Areas.

4.1.6. Taking out the insurances specified in **Appendix E1** of the Lease Agreement.

For the avoidance of doubt, it is clarified that the Lessor and/or the Management Company shall be entitled, at their sole discretion, to increase the scope of the said insurance coverage and/or add an insurance coverage that is not specified above. In addition, the Management Company shall be entitled to avoid taking out insurances other than the ones specified above and/or decrease their scope at its discretion and subject to obtaining the approval of the insurance consultant of the Building (provided that the dwelling insurance and the third-party liability insurance shall not fall below the scope of coverage stated in Section 1.19 of Appendix E1).

4.1.7. Collection of municipal and governmental taxes applicable to the Public Areas, to the extent applicable, including the Parking Lot areas.

4.1.8. Collection of all expenses and payments, including the legal expenses, applicable to the Management Company in connection with the breach of the undertakings of the Lessee and/or other lessees in the Building and/or the enforcement of any thereof.

4.1.9. Collection of Management Fees, electricity bills in respect of the Public Areas and common systems and all other payments the Lessee owes or will owe in accordance with the Lease Agreement and/or in accordance with this Agreement, even by institution of proceedings of any kind.

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4.1.10. Collection of usage fees for electricity as stated in **Appendix C** of the Lease Agreement, and to the extent that the Lessee is not obligated to pay the said payments directly to Israel Electric Corp. in accordance with the provisions set forth in the Lease Agreement.

4.1.11. Publication of bylaws, procedures, daily instructions and any amendment, update, addition or correction thereof in anything related to the use of the Building and strict performance of the said instructions. The Management Company shall set out from time to time, as part of the performance of this Section, procedures and instructions for the purpose of assuring the regular, proper and organized operation of the Building.

The bylaws shall include, *inter alia*, instructions in connection with the entry and exit procedures, safety, access, traffic of the public and vehicles, transportation of equipment to and from the Units, including from the Leased Premises, prevention of nuisances and disturbances, dates and times of performance of Services in the Building, the use of the Parking Lot and the Public Areas, operation of HVAC systems in the Public Areas in the Building and/or in the Units, operation of sound or PA systems in the Building, signage, placement of adds or signs and the like.

The bylaws, procedures and instructions as aforesaid shall bind the Lessee and the Lessee undertakes to observe strictly their provisions.

The Management Company shall be entitled to compel the Lessee to observe these practices, procedures and instructions in accordance with the Lease Agreement and this Agreement.

4.1.12. Signing contracts and agreements with external entities for the purpose of performing the Services, supervision, collection and enforcement of the undertakings of external entities.

4.2. **Authorities of the Management Company**

4.2.1. From time to time the Management Company shall be entitled, at its sole discretion, to set the scope of the Services, their type, nature, the part of the Services provided to the Building or certain

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parts thereof, if any, and the manner and period of their performance, provided that the Management Services that are essential for the proper operation of the Building shall be provided at all times.

4.2.2. The Management Company shall manage and perform the Services whether by itself and/or part by itself and/or part by others on its behalf. Without derogating from the foregoing, it is hereby agreed that the Management Company shall be entitled to engage from time to time with any other entity in agreements regarding the performance of maintenance services to systems, facilities and areas in the Building or the performance of other works for the Building and/or the Management Company, in accordance with the conditions set forth by the Management Company, provided that upon the occurrence of all these circumstances the Management Company shall be responsible vis-à-vis the Lessee for the performance of the Services, unless the Management Company and the Lessor agree in advance and in writing that part of the said Services is excluded from the responsibilities of the Management Company and that the Management Company shall not receive payment for the said part.

4.2.3. The Management Company shall be entitled, from time to time and at any time, to perform modifications or additions to the structure of the Building or any part thereof, in the interior division and design of the Building or any part thereof, and the Lessee shall raise no demand, claim or suit against the Management Company due to such modifications or additions as aforesaid, provided that the said modifications and/or additions shall not affect the reasonable use the Lessee makes in the Leased Premises in accordance with the Purpose of Lease, including access roads thereto.

4.2.4. The Lessee shall not be entitled to disconnect from meters or systems and shall not be entitled to operate or avoid from the operation of the HVAC systems and any other system contrary to the instructions set forth by the Management Company even if the system is in the Area of the Leased Premises and even if the Lessee owns the system and is not part of the common property, unless such an action or avoidance from action as aforesaid might cause

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damage to property and/or the business of the Lessee and in any event after obtaining the prior and written approval of the Lessor.

4.2.5. The Management Company shall set out procedures, rules and conditions regarding the supply of electricity in the Building and the Leased Premises. The Management Company shall set the rates in connection with the electricity services to the Leased Areas, the Public Areas and to common systems in the Building, according to low voltage time of use rates charged by IEC, and the manner of distribution of the electricity supply expenses among the different lessees in the Building.

4.2.6. In order to enable to the Management Company to exercise its authorities in accordance with this Section, the Management Company shall be entitled, and the Lessee undertakes to allow to it, to enter the Leased Premises at any time and perform the following actions, *inter alia*: open walls, floors, ceilings and other parts; replace and repair plumbing fixtures and pipes and connect thereto, perform any electricity and communication works and perform any other work that the Management Company deems as necessary for the purpose of exercising the authorities granted to it in this Agreement. In any event of performance of such work as aforesaid the Management Company shall coordinate with the Lessee in advance the times of entry of its employees to the Leased Premises and shall endeavor that the disturbance to the Lessee shall be as small as possible, unless the circumstances require immediate response and in such circumstances there shall be no need to coordinate the works of the Management Company in advance.

4.2.7. In case the Lessee fails to terminate any action and/or omission that might cause and/or the constitute a safety nuisance and/or an obstacle within a reasonable time, after receiving the demand of the Management Company and/or the Lessor, the Management Company shall be entitled to cause the termination and/or elimination of the nuisance and/or the obstacle in any manner it deems fit and for that purpose the Management Company shall be entitled to enter the Leased Premises and perform in the Leased Premises all actions in connection therewith and the Lessee shall raise no claims in connection therewith.

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5. **Bylaws, procedures and activities in the Building**

The Management Company shall lay down bylaws, procedures and instructions regarding the management and performance of the Services, in any manner it deems fit, and shall be entitled to add, modify and update these bylaws, procedures and instructions from time to time and at its sole discretion, and the Lessee undertakes to act in accordance with the said bylaws, procedures and instructions set out by the Management Company, provided that the said procedures and instructions do not impair the reasonable use of the Lessee in the Leased Premises in accordance with the Purpose of Lease, including access roads thereto.

5.1. The Lessee hereby declares and affirms that it is aware that different businesses will be conducted in the Building in accordance with any permitted use or as permitted by the UBP that is in effect or in accordance with the law, and the Lessee waives any claim for the purpose of this matter against the Management Company.

5.2. The Lessee hereby declares and affirms that it is aware that other lessees in the Building, in whole or in part, will conduct their businesses in the hours and the days at their discretion, and subject to the approval of the authorities and in accordance with the provisions set forth in the different lease agreements. The Lessee declares and affirms that it does not and will not raise any demands, claims or objections in connection therewith against the Management Company and/or the Lessor and/or any other right holder in the Building.

5.3. The Lessee hereby declares and affirms that it does not and will not raise any demands, claims or objection against the Management Company and/or the Lessor and/or any other right holder in the Building in connection with the hours of activity of the businesses in the Building, whether in general and whether with respect to the particular hours of activity of particular businesses, the entry and exit arrangements from the Building (provided that the entry and exit from the Building will be allowed 24 hours a day and 7 days a week) and/or from the businesses, and in connection with noises, vibrations, odors and/or any other inconvenience that might be caused to the business that the Lessee conducts in the Leased Premises, except for irregular and unreasonable nuisances.

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Without derogating from the aforesaid, the Lessee shall contact the Management Company in any event of a claim or a demand that concerns an irregular and unreasonable nuisance. The Management Company shall inquire the claim within a reasonable time and in case it finds the claim proper and justified it will take action for the purpose of eliminating the nuisance, in any manner it deems fit.

5.4. The Lessee declares and affirms that it is aware that to the extent that it requests to operate the air-conditioning system in the Leased Premises and/or to use the common services and/or systems beyond the Hours of Activity in the Building (i.e., on weekdays from 07:00 to 20:00) as stated in Section 4.6 hereunder, and as updated periodically by the Management Company, and such use as aforesaid is approved by the Lessor and/or the Management Company, the Lessee shall incur additional costs of the operation of the relevant service, as stated by the Management Company and/or the Lessor, provided that the Lessee shall be entitled to demand from the Lessor to install a split air conditioning unit in one of the rooms of the Leased Premises, and in case the Lessor acts in the said manner, the Lessor shall install such an air conditioning unit in 10 days as of the date of receiving a request to that effect, and at the expense of the Lessor. The Lessee shall deliver written notice to the Lessor and the Management Company regarding its wish to receive the said services, as early as possible, however in any event no less than twenty-four hours in advance. The Lessee is aware that the aforesaid shall not oblige the Lessor and/or the Management Company in advance to provide the requested service beyond the Hours of Activity in the Building.

5.5. The Management Company and anyone acting on its behalf and in its name shall not be held liable in any manner for any damage or harm caused to the Lessee or its property or to any bodily harm and/or loss and/or damage to property of any kind caused to the Lessee and/or its employees and/or its workers and/or its agents and/or its customers and/or its visitors and/or to any other person that stays in the Leased Premises or in any other area that is lawfully possessed by the Lessee, and the Lessee shall be held fully liable for any damage as aforesaid and undertakes to compensate and indemnify the Management Company immediately upon receiving a demand from the Management Company against any damages the Management Company might be obligated to pay or that the Management Company will be obligated to pay due to such damage and against any expense that the Management Company expends in connection with such damage, unless the

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said damage was caused as a result of an act and/or omission of the Management Company and/or anyone acting on its behalf.

The Management Company and/or its employees and/or anyone acting on its behalf or acting in its name shall not be held liable in any manner for any damage of any kind caused to the Lessee as a result of the entry of the Management Company or its representatives to the Leased Premises for any of the purposes specified in this Agreement, unless the damage was caused as a result of direct negligence of the Management Company or its workers.

5.6. Until the Management Company notifies otherwise, the Management Company shall provide the Services to the Building during the Hours of Activity in the Building and to the Parking Lot — during the Hours of Activity in the Parking Lot, within their meaning in the Lease Agreement, and only during these hours.

6. **Employment of workers and contractors**

6.1. For the purpose of performing its work in accordance with this Agreement, the Management Company shall employ technical, professional, administrative and other workers for the purpose of performing the works required in connection with the management and performance of the Services, and shall be entitled to manage and perform the Services, in whole or in part, by contractors, subcontractors or in any other manner, as decided by the Management Company, including part-time or full-time employment under a special contract or under any other conditions as the Management Company deems fit, and with respect to the persons that Management Company deems fit to employ from time to time.

6.2. Without derogating from the provisions set forth in sub-section 5.1 above, the Management Company shall be entitled, however not obligated, to lease in the Building offices and storage rooms, including furniture and equipment and to employ, in return for payment, in part-time or full-time job scopes under a special contract or under other reasonable and customary conditions, managers, clerks, accountants, bookkeepers, lawyers, architects, engineers, consultants, an advertising agency, vendors, contractors, subcontractors, workers,

cleaners, craftsmen, professionals, security personnel and other persons and entities for the purpose of performing all works and services that the Management Company undertook to perform in accordance with this Agreement.

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7. **Signage and mailboxes**

The Lessee hereby agrees that the Management Company shall be solely entitled to determine anything related to the signage and/or marking in the Building and/or the common property including placing, hanging, laying, positioning or any other form of marking and signage and any modification thereof, in accordance with the instructions set forth by the Lessor. The aforesaid provisions shall apply also with respect to the placement or installation of mailboxes, *mutatis mutandis*. The Lessee shall incur all costs in connection therewith, as decided by the Management Company.

The Lessee undertakes not to place signage and advertisements however solely upon obtaining the approval of the Management Company and in accordance with the rules set out by the Management Company and upon obtaining the approval of the Lessor from time to time.

It is agreed that the Lessee shall be entitled to install signs in accordance with the relevant provisions set forth in the Lease Agreement.

Undertakings of the Lessee

The Lessee declares and undertakes as follows:

7.1. To engage with the Management Company in all matters relating to the management and performance of the Services in accordance with this Agreement and to participate in the expenses associated with the performance and the management of the Services in respect of its rights in the Leased Premises, based on the keys and the criteria or the instructions set forth from time to time by the Management Company, as stated in Sections 8 and 9 hereunder, and to follow the instructions of the Management Company in connection with the performance of the Services and the use of the Building facilities, provided that these shall not harm the reasonable use of the Lessee in accordance with the Purpose of Lease including in systems such as heating and cooling systems, whether as part of the common property and whether in the Leased Premises and/or the Units — and to keep the said systems in good and operable condition all days of the year.

7.2. To receive the Services, in whole or in part, solely by the Management Company. The Lessee shall not be entitled to receive any of the Services or

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any similar services by anyone other than the Management Company. The Lessee shall not be entitled to cease the performance of the Services and/or delay and/or postpone the receipt of any of the Services.

7.3. The Lessee, and anyone acting on its behalf and in its name, shall cooperate with the Management Company and shall assist the Management Company in all circumstances in which such cooperation or assistance are necessary, so as to allow the Management Company to manage and perform the Services properly and as required.

7.4. To notify the Management Company at the earliest opportunity regarding any malfunction that requires an action by the Management Company and of which the Lessee is aware.

7.5. To act in accordance with the provisions set forth in the Lease Agreement regarding the business activities in the Leased Premises and in the Building and the hours of its performance and in connection with other matters that are related to the manner of use of the Leased Premises and maintenance thereof including, but not limited to, the rules of conduct in the Building, or causing safety nuisances and/or obstacles, maintaining the Area of the Leased Premises and surroundings thereof clean while avoiding from leaving equipment or waste in the Public Areas, except for the areas designated for that purpose, failure to remove equipment outside the Leased Premises, attachment of signage of any kind in violation of the manner set out in the Lease Agreement and failure to respond to the demands made by the Management Company and/or the Lessor regarding these issues, immediately upon receiving the demand of any thereof and/or the demand of anyone acting in their name.

7.6. The Lessee undertakes to avoid performing by itself or by another, except for the Management Company, any work or service that were delivered in accordance with this Agreement exclusively to the Management Company, unless the Management Company agreed in writing to the said and prior to the performance of the said work or service or, if an event that might cause direct damage to the Leased Premises occurs and the event requires an emergency repair that the Management Company cannot perform or in the event the Lessee received the prior and written approval of the Lessor and/or the Management Company to perform the repair.

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7.7. The Lessee undertakes not to cause damage in the Leased Premises and the Building and to perform any work, renovation, transportation of equipment, installation of any facility and anything related to the works in the Leased Premises and that is permitted in accordance with the

Lease Agreement, in a manner that will not cause a continuous and unreasonable disturbance to the Lessor and/or the Management Company and/or to any of the users, and after obtaining the prior and written approval for the purpose of performing these works from the Lessor and the Management Company.

7.8. The Lessee hereby undertakes to observe fully all the provisions set forth in the Building Bylaws and the instructions that are published periodically by the Management Company.

8. **Expenses and Management Fees**

8.1. The Lessee undertakes to pay to the Management Company its part in the Management Fees, as stated hereunder and to add statutory VAT in respect whereof.

8.2. The part of the Lessee in the Management Fees shall be determined according to the key and criteria that will be applied by the Management Company and subject to the provisions set forth hereunder.

It is clarified that the Management Company intends, to the extent possible, to charge from the lessees of the Units the expenses that are caused exclusively by the units in the commercial areas (hereinafter: "**Commercial Areas**"), and charge the expenses that are not caused exclusively by the Units other than the Commercial Areas from the users of these Units, and the expenses that cannot be attributed exclusively to the lessees in the Commercial Areas or the lessees in the Units other than Commercial Areas or the lessees of the parking spaces in the Building from all the lessees in the Building, according to the ratio that will be determined for the purpose of this matter, and at the sole discretion of the Management Company.

It is clarified that the lessees of the parking spaces shall incur the expenses for the purpose of maintaining the Parking Lot in accordance with the provisions set forth in Section 8.5 and Section 8.6 hereunder.

8.3. The Management Company shall act in the following manner when distributing the expenses among the different lessees in the Building:

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8.3.1. The Management Company shall set the basis for the distribution of the expenses among the lessees in the Building according to one or more of the following criteria:

A. The ratio between the Area of the Leased Premises and the total area of all areas in the Building designated for lease.

B. The type, nature, number and cost of the Services that are provided to specific leased premises or a particular type of leased premises that, by their very own nature, consume more or less Services than other leased premises in the Building, whether relatively and whether according to the type of businesses or according to the type of customers or their number.

C. Additional or other data that are relevant, at the sole discretion of the Management Company.

8.3.2. The Management Company shall have sole discretion to determine and to change the ratio of distribution of the expenses among the lessees that was set by the Management Company from time to time and to bill different lessees for any special expense that the Management Company deems was expended in connection with the business of that lessee.

8.3.3. For the avoidance of doubt, it is clarified that the Management Company shall be entitled, however not obligated, from time to time and at its sole discretion, and to the extent possible, to allocate a certain part of the expenses to a particular type of leased premises (hereinafter: "**the Allocation**") and to impose the said expenses solely on that particular type of leased premises.

In case a certain expense or certain expenses were allocated to a certain type of leased premises or to part of the leased premises as aforesaid, the expense shall be divided among the leased premises to which the expense was allocated, among themselves, in accordance with the provisions set forth in this Section 8.3 above including subsections thereof, and in Sections 8.4 and 8.5 hereunder.

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The Lessee declares and affirms that it does not and will not raise any demands, claims or suits in connection with the Allocation of the expenses as aforesaid against the Management Company and/or the Lessor and the Lessee shall raise no demand to reduce its part in the Management Fees, provided that the Management Company exercised reasonable considerations in making the said decision.

8.4. The Management Company shall be entitled, however not obligated, at its sole discretion, to provide special Services to any of the lessees in the Building and/or users thereof, and in such circumstances as aforesaid the said lessee or use shall be solely responsible for the payment for the said Services, if provided.

8.5. The calculation of the relative part of the Lessee in the Management Fees shall be performed as follows: the expenses that were allocated to a particular type of leased premises or to part of the leased premises shall be subtracted from the total amount of the expenses, and the balance shall be divided among the other lessees in the Building, including the Lessee, according to the ratio that will be determined in accordance with the provisions set forth in Sections 8.2 and 8.3 above.

The calculation of the relative part of the Lessee in the expenses for the management and maintenance of the Parking Lot shall be performed as follows: the expenses that were allocated to a certain leased premises or to a certain type of leased premises shall be subtracted from the total amount of the expenses for the management and maintenance of the Parking Lot, and the balance shall be divided among the remaining users of the parking spaces and according to the ratio between the number of parking spaces that are used by the Lessee and the total number of parking spaces that can be used for the purpose of parking vehicles.

8.6. Notwithstanding the aforesaid, if at least 80% of the areas designated for lease in the Building were leased and/or are leased (excluding the Commercial Areas and the parking areas) all lessees in the Building shall incur the management expenses of the entire Building.

As long as 80% of the areas designated for lease in the Building were not leased and/or are leased, the Lessor shall incur the management expenses with respect to the difference between the areas that are leased in the

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Building and 80% of the areas designated for lease in the Building, in accordance with the provisions set forth in the first part of this sub-section.

Notwithstanding the aforesaid, if at least 80% of the parking spaces in the Parking Lot were leased/are leased, all the lessees of the parking spaces shall incur the management expenses of the entire Parking Lot.

As long as 80% of the parking spaces in the Parking Lot were not leased and/or are leased, the Lessor shall incur the management expenses with respect to the difference between the parking spaces that were leased in the Parking Lot and 80% of the parking spaces in the Parking Lot, in accordance with the provisions set forth in the first part of this sub-section.

8.7. In order to assure that the expenses that are necessary from time to time for the purpose of adding or replacing or retrofitting or upgrading the Building and/or facilities and/or equipment and/or systems and/or accessories that are used by all or part of the users in the Building are covered, or for the purpose of performing material repairs, the Management Company included in the Management Fees sums designated for the retrofitting and/or replacing and/or upgrading the equipment and/or the facilities and/or systems and/or the accessories as aforesaid, in accordance with the instructions set forth by the accountant of the Management Company (hereinafter: "**Equipment Replacement**") in whole or in part.

The sums that will be collected as aforesaid shall be collected regularly from the lessees as part of the Management Fees and shall be deposited in an equipment renewal and/or replacement and/or upgrade fund. These sums shall be invested by the Management Company in solid investments and shall not be returned to the Lessee.

8.8. The parties agree expressly that the Management Company shall be entitled to provide services also to other areas or entities. In case the Management Company provides the Services in accordance with the provisions set forth in the Lease Agreement and/or additional or other services also to other areas or projects, the Management Company shall maintain a separation in its books of account for the purpose of paying the expenses and the Management Fees and solely for that purpose, in accordance with the instructions and the calculations that will be prepared by the accountants of the Management Company, in such manner that the lessees in the Building will not be required to incur excessive payments in light of the said.

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The Lessee hereby declares and affirms that it does not and will not raise any demand or claim against the Management Company and/or the Lessor in connection therewith. The Lessee shall not demand, *inter alia*, any reduction in the Management Fees applicable to the Lessee in accordance with the provisions set forth in the Lease Agreement as a result of the said.

8.9. It is further clarified that the Lessor shall be entitled, at its sole discretion, to operate the Parking Lot, in whole or in part, whether by itself or by another entity other than the Management Company, and to lay down procedures for the use, operation, entry and exit and the payments and the provisions set forth in the Lease Agreement shall apply for the purpose of this matter.

8.10. For the avoidance of doubt, the Management Company shall be entitled to transfer the Management Fees, in whole or in part, to the Lessor and/or to whoever the Lessor instructs.

9. **Bills**

9.1. The Lessee undertakes to pay to the Management Company its estimated part in the expenses and the Management Fees, including the Replacement of Equipment included therein, according to the bills delivered to the Lessee by the Management Company on the payment dates and concurrent with the payment of the Rent or in any other period as determined by the Management Company and that shall be based on an estimate of the expenses, as prepared by the Management Company.

9.2. For the avoidance of doubt, it is hereby declared that the duty to pay the Management Fees and all other payments due to the Management Company from the Lessee are imposed on the Lessee in an absolute manner even if the Lessee did not receive a bill in respect of the said Management Fees or the other payments. The Management Company shall deliver to the Lessee an invoice for Management Fees and all other payments due to the Management Company from the Lessee in 7 business days as of the date the Lessee made payment.

In the beginning of the first quarter after the Lease Commencement Date the Lessee shall pay the Management Fees until the end of the quarter.

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9.3. At the time of signing this Agreement the Lessee shall provide a check for the Management Fees for the three months commencing on the Lease Commencement Date. During the entire Term of Lease, the Management Fees shall be paid for each quarter, within its meaning in the Lease Agreement, on the first business day of each first month in a quarter.

All payments that the Lessee is obligated to pay to the Management Company shall be deposited in the account of the Management Company in the manner and according to the method determined by the Management Company from time to time.

9.4. The Lessee hereby undertakes to pay to the Management Company the Management Fees, whether the Lessee leases the Leased Premises by itself, whether it delivered the Leased Premises to the use of another, and whether it does not actually lease the Leased Premises.

9.5. Within a period that shall not be greater than six (6) months as of the end of each calendric year, the Management Company shall draw up a final bill of the management expenses and the expenses in connection with the performance of the Services (including Replacement of Equipment and Management Fees) for the said calendric year (hereinafter: "**Annual Bill**") when the said account shall be audited and approved by the accountant of the Management Company and shall serve as conclusive and decisive proof regarding the management expenses and the expenses for the performance of the Services, and the duty of the Lessee to pay in accordance with the said bill.

9.6. The Lessee hereby undertakes to pay to the Management Company the differences, if any, between the sums that were actually paid on account of its estimated part in the expenses and the amounts of the expenses that are stated in the Annual Bill and subject to the provisions set forth in Section 3 above. Payment shall be made in fourteen (14) days as of the date the Management Company delivers the Annual Bill to the Lessee.

If, according to the Annual Bill, there are outstanding sums in favor of the Lessee, the said sums shall be subtracted from the next regular payments due from the Lessee in respect of the Management Fees in linked values as of the Index known on the date of the last payment that the Lessee paid on account of the Management Fees and until the Index known on the first date

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

of payment on account of the Management Fees after making the said calculation.

In the event the final bill that is drawn up upon expiration of the said Term of Lease in accordance with the Lease Agreement there are outstanding sums in favor of the Lessee as aforesaid, the said sums shall be returned to the Lessee no later than 90 days after expiration of the fiscal year after expiration of the Term of Lease in linked values as stated above, provided that until that time the Lessee fulfilled its undertakings in accordance with this Agreement and the Lease Agreement.

9.7. The Lessee shall pay to the Management Company value added tax (or any other tax that is added or replaces the said tax) in connection with any payment the Lessee owes in accordance with the provisions set forth in the Lease Agreement, together with the said payment, according to the applicable VAT rate at the time of making payment, and shall receive an invoice from the Management Company in connection with the said payment.

9.8. The Management Company shall be entitled to invest any excess amount in its possession, whether from funds or from sums in deposits and whether from any other source, at its sole discretion, including in solid investment tracks.

9.9. During the first calendric year of lease in the Term of Lease the Management Company shall be entitled, at its sole discretion, to deliver an annual bill relating to the period commencing on the Effective Date and expiring at the end of that calendric year, or add the annual bills relating to this period to the next calendric year. In the last year of lease the annual bill as aforesaid shall be drawn up with respect to the part of the calendric year that expires upon expiration of the Term of Lease.

10. **Term of Agreement**

10.1. This Agreement shall be in effect as of the date of signing hereof and until the expiration of the Term of Lease and/or the additional terms of lease — as the case may be, within their meaning in the Lease Agreement, subject to the provisions set forth in Section 12 hereunder.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

10.2. The Management Company shall be entitled, at its discretion, to cease the performance of the Services and/or any part thereof and/or to terminate the performance of the Services, in whole or in part, to the Building and/or to parts thereof, by delivery of at least 90 (ninety) days' advance written notice to the lessees in the Building.

11. **Commencement date of the Lessee's undertakings**

The Lessee undertakes to incur all payments and liabilities imposed on the Lessee in accordance with the provisions set forth in the Lease Agreement as of the Effective Date.

12. **Assignment of rights and obligations by virtue of this Agreement**

In any event of assignment of rights, the provisions set forth in the Lease Agreement for the purpose of this matter shall apply respectively.

13. **Transfer of rights by the Management Company**

The Management Company shall be entitled at any time and upon obtaining the prior and written approval of the Lessor to transfer the performance of the Services including anything associated therewith, including all its rights and obligations in accordance with this Agreement, to another Management Company or to any other legal entity whether existing or formed for the purpose of this matter, provided that the other Management Company or the said designated entity undertake to fulfill all the undertakings of the Management Company in accordance with the provisions set forth in the Lease Agreement.

It is clarified that the termination of the performance of the Services in accordance with the provisions set forth in Sections 10.2 above and 14 hereunder, shall not be deemed as transfer of rights to which the provisions set forth in this Section shall apply.

14. **Breach of the Agreement by the Lessee**

The provisions set forth in the Lease Agreement shall apply to breach of this Agreement by the Lessee, *mutatis mutandis*.

15. **Books of the Management Company as conclusive evidence**

The management records and books of account of the Management Company and documents thereof shall be deemed at any time by the Lessee as final and conclusive proof regarding the sums that the Lessee paid to the Management Company, the expenses, Replacement of the Equipment and any other matter specified and recorded in the management records and books of account.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

The Lessee, by its accountant, shall be entitled to inspect the books of account of the Management Company, at its expense, and following advance coordination and according to the procedures that will be set for the purpose of this matter by the Management Company.

16. **Use and restrictions on use**

16.1. Notwithstanding anything stated in this Agreement and/or in the Lease Agreement, the Lessee shall not be entitled to use the Leased Premises for any purpose that causes a nuisance of any kind such as: noise, vibrations, odors, pollution and the like or for any purpose that might harm the Building, or the use of the other leases premises in the Building, or the value of the Building and its level of activity.

16.2. The Lessee shall be entitled to operate its business and/or any part thereof solely in accordance with the purpose that was set in the Lease Agreement and not for any other purpose.

17. **Condominium bylaws**

The authorities of the Management Company and any instruction and limitation with respect to any leased premises in the Building shall be noted as binding instructions in the Condominium Bylaws, in case the Lessor decides, at its sole discretion, to register the Building in the Condominiums Register.

18. **Miscellaneous**

18.1. The provisions, interpretations and definitions as stated in the Lease Agreement shall apply in any event or matter in respect of which there are no provisions, interpretations and definitions in this Agreement.

18.2. In the event of discrepancy between the provisions set forth in the Lease Agreement and/or **Appendix F** and the provisions set forth in this Management Agreement, the provisions set forth in the Lease Agreement and Appendix F shall take precedence.

18.3. Any delay and/or postponement and/or lack of response and/or lack of action and/or lack of measures applied by any of the parties shall not be deemed and shall not be construed as waiver of a right granted to the parties

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

in accordance with the Lease Agreement and/or in accordance with the provisions set forth in the Lease Agreement including, and without derogating from the generality of the aforesaid, in connection with any continuing or additional breach by any of the parties.

18.4. The Lessee shall not be entitled to offset sums it owes to the Lessor and/or the Management Company against sums owed to the Lessee, if any, from the Management Company, and shall not be entitled to offset sums that are due to the Lessee from the Lessor against sums the

Lessee owes to the Management Company.

19. The Lessee shall not be entitled to terminate and/or stipulate and/or withhold payment of the Rent in accordance with the Lease Agreement in any event of a demand or claim against the Management Company in connection with the performance of the Services by the Management Company and/or in connection with any other demand and/or claim against the Management Company. The Lessee shall not be entitled to terminate and/or stipulate and/or withhold any payment of the Management Fees in accordance with the provisions set forth in the Lease Agreement in any event of a demand or claim against the Lessor regarding the performance of the Lease Agreement.

19.1. Notwithstanding anything to the contrary, it is agreed that breach of any of the provisions set forth in this Agreement by the Lessee that is not cured in seven days as of the date of receiving notice by the Lessee in connection therewith, shall be deemed as a fundamental breach of the Lease Agreement and this Agreement, with all ensuing consequences, in accordance with the Lease Agreement and/or in accordance with the provisions set forth in this Agreement and/or in accordance with the provisions set forth in any law.

19.2. The parties submit to the sole and exclusive jurisdiction of the competent courts in the city of Tel Aviv in anything relating to and arising out of this Agreement.

19.3. The Lessee shall not be entitled in any event to register a caveat by virtue of this Agreement, irrespective of the identity of the Management Company and/or the Term of Lease.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

20. **Default in payments**

20.1. In the event the Lessee defaulted in making any of the payments the Lessee is obligated to pay in accordance with this Agreement by more than 7 days, the Lessee shall pay to the Management Company interest in arrears for the amount in default according to the customary rate in Bank Leumi le-Israel Ltd for unauthorized overdrafts in current loan accounts. Interest shall be calculated for the period taking effect as of the day in which the Lessee was obligated to pay the amount in default and until the date payment is made.

In case the Management Company paid to a third-party interest and/or penalty for delay due to the default in payment by the Lessee, the said interest and penalty for delay shall be deemed as part of the debt principal that the Lessee is obligated to return to the Management Company.

It is hereby clarified that default in paying any sum that is greater than 15 days shall constitute breach of this Section and shall constitute a fundamental breach of this Agreement.

20.2. In case the collection of any sum as aforesaid requires expenses or attorney fees on behalf of the Management Company, any sum that was paid as aforesaid shall be allocated first on account of reimbursement of the expenses and only afterwards on account of the principal, linkage differentials and interest.

20.3. Payment of interest in accordance with this Section shall not derogate from the right of the Management Company to seek any other relief set forth in this Agreement and the law and this shall not be construed as waiver of the Management Company of any other relief it may seek.

21. **Securities**

The securities as stated in Section 24 of the Lease Agreement shall be used as a security for the fulfillment of all the undertakings of the Lessee in accordance with this Management Agreement, and the provisions set forth in the Lease Agreement shall apply.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

22. **Addresses and notices**

The addresses of the parties for the purpose of this Agreement are as stated in the preamble to this Agreement, however after the Effective Date the addresses of the parties shall be in the Building itself.

Any notice delivered in registered mail to the aforesaid addresses shall be deemed to have reached its recipient in three (3) days from the time of its delivery, and if delivered in person — at the time of its delivery. The Management Company shall be entitled to deliver notice by attaching the notice to the door of the Leased Premises or by placing the said notice in the Lessee's mailbox and the confirmation of the manager of the Management Company regarding this delivery method shall constitute final and conclusive confirmation.

And in witness hereof the parties are hereby undersigned:

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Management Company	The Lessee

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Appendix E1

Insurance Appendix

(1) Insurance

(1.1) Without derogating from the liability of the Lessee in accordance with the provisions set forth in this Agreement and/or in accordance with the provisions set forth in any law, prior to the commencement date of the Lessee's works in the Leased Premises, to the extent that the said works the performed, the Lessee undertakes to take out and maintain, whether by itself and whether by a contractor on its behalf, a contractor insurance in the name of the Lessee, contractors and subcontractors, the Lessor and the Management Company, as stated in the Certificate of Insurance enclosed with this Agreement and constituting an integral part thereof and marked as **Appendix E2** (hereinafter: "**Certificate of Insurance for the Lessee's Works**").

(1.2) The Lessee undertakes to furnish to the Leased Premises, no later than the commencement date of the works in the Leased Premises, to the extent that such works are performed, the Certificate of Insurance for the Lessee's Works signed by its insurer. The Lessee declares that it is aware that furnishing the Certificate of Insurance for the Lessee's Works as aforesaid is a condition precedent and a prerequisite for the performance of works in the Leased Premises, and the Lessee shall be entitled to prevent from the Lessee to perform works in the Leased Premises in case the said certificate was not furnished prior to the commencement date of the works.

(1.3) The liability limits in the third-party liability insurance that is taken out by the Lessee as stated in Section (2) of the Certificate of Insurance for the Lessee's Works (Appendix **E2**) is in the amount of USD 1,000 multiplied by the Area of the Leased Premises, a minimum of USD 500,000 and a maximum of USD 2,000,000 per event and cumulatively for the insurance term; the provisions set forth above shall apply subject to the provisions set forth in Section (1.18) hereunder. Notwithstanding the aforesaid, it is agreed that with respect to adjustment works in the ground floor of the Leased Premises that will be performed as of 12.06.2014, for an amount that shall not be greater than NIS 200,000, the liability limits as stated in Section (2) of the Certificate of Insurance for the Lessee's Works (Appendix **E2**) shall be $500,000 per event and for the insurance term in respect of these works.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

(1.4) Without derogating from the liability of the Lessee in accordance with the provisions set forth in this Agreement and/or in accordance with the provisions set forth in any law, during the term of this Agreement the Lessee undertakes to take out and maintain the insurances specified in the Lessee's Certificate of Insurance hereby enclosed with this Agreement and constituting an integral part thereof and marked as **Appendix E3** (hereinafter: "**Lessee's Certificate of Insurance**") with a legally licensed and reputable insurance company (hereinafter: "**Lessee's Insurances**"). It is clarified that the provisions set forth in Section (1.9) hereunder shall apply to this Section.

(1.5) Without receiving any demand from the Lessor, and no later than the date of opening the Lessee's business in the Leased Premises, or before the date of entry of any property to the Leased Premises (except for property that is listed in the works insured under Section (1.1) above) — whichever is earlier - the Lessee undertakes to furnish to Lessor the Lessee's Certificate of Insurance as aforesaid, signed by its insurer. The Lessee declares that it is aware that furnishing and/or updating the Lessee's Certificate of Insurance is a condition precedent and a prerequisite for opening the business of the Lessee in the Leased Premises and/or for the entry of any property of the Leased Premises (except for property listed in the works that are insured under Section (1.1) above) and the Lessor shall be entitled to prevent from the Lessee to open its business in the Leased Premises and/or bring any property as aforesaid in the event the certificate was not furnished prior to the date specified above.

(1.6) The liability limits in a third-party liability insurance taken out by the Lessee as stated in Section (2) of the Lessee's Certificate of Insurance (**Appendix E3**) are in the amount of NIS 5,000,000 per event and cumulatively for an annual insurance term; the provisions set forth above shall be subject to the provisions set forth in Section (1.18) hereunder).

(1.7) It is agreed that the Lessee may not take out property and/or consequential loss insurance in whole or in part, as stated in Section (4) of the Lessee's Certificate of Insurance (**Appendix E3**) however the said in Section (1.11) hereunder shall apply to damage to property and/or any loss of income as aforesaid as of the insurance in respect whereof was fully arranged.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

(1.8) It is agreed that the Lessee may not take out glass breakage insurance as required in Section (1) of the Lessee's Certificate of Insurance (**Appendix E3**) however the said in Section (1.11) hereunder shall apply with respect to any loss or damage caused by glass breakage as if the insurance in respect whereof was fully arranged.

(1.9) **If the Lessee deems** that it is necessary to take out an additional and/or supplemental insurance in addition to the Lessee's insurances as stated above, the Lessee undertakes that a clause regarding waiver of the right of subrogation as stated in Section 1 of Appendix **E3** shall be incorporated in each additional or supplemental insurance of the Lessee's insurances as aforesaid, made in favor of the Lessor and the Management Company and anyone acting on their behalf.

(1.10) The Lessee undertakes to update periodically the sums insured in respect of the insurances that are arranged under Sections (1) and (4) of the Lessee's Certificate of Insurance (**Appendix E3**), in such manner that they will always reflect the full value of the subject matter of their insurance.

(1.11) The Lessee declares that it shall not raise any claim and/or demand and/or suit against the Lessor, the Management Company and anyone acting on their behalf and against the other right holders in the Project whose lease agreements or any other agreement that grants them rights in the Project includes a corresponding exemption vis-à-vis the Lessee in respect of damage for which the Lessee is entitled to indemnity in respect whereof (or for which it was entitled to indemnity but for the policyholder's contribution set out in the policy) in accordance with the insurances that are arranged under Section (1) of the Certificate of Insurance for the Lessee's Works (**Appendix E2**) and Sections (1) and (4) of the Lessee's Certificate of Insurance (**Appendix E3**) and the Lessee hereby exempts the said entities from any liability for which the Lessee is entitled to indemnity as aforesaid, provided that the exemption from liability shall not apply to any person who causes malicious damage.

(1.12) For the avoidance of doubt, it is clarified that failure to furnish the Certificate of Insurance on time as stated in Sections (1.2) and (1.5) above shall not affect the undertaking of the Lessee in accordance with this Agreement including, and without derogating from the generality of the aforesaid, any payment duty applicable to the Lessee. The Lessee undertakes to uphold all its undertakings in accordance with the Agreement

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

even if it is denied from performing the works and/or receiving possession in the Leased Premises and/or bringing property to the Leased Premises and/or opening its business in the Leased Premises due to failure to furnish the certificates on time.

(1.13) On the expiration date of the Lessee's insurances the Lessee undertakes to deposit with the Lessor the Certificate of Insurance as stated in Section (1.5) above in respect of the extension of their effect for an additional period. The Lessee undertakes to repeat and deposit the Certificate of Insurance on the said dates upon expiration of each insurance term and as long as this Agreement is in effect.

(1.14) The Lessor shall be entitled to inspect the Certificates of Insurance that are furnished by the Lessee as stated in Sections (1.2), (1.5) (1.13) above, and the Lessee undertakes to perform any modification or amendment that is necessary for the purpose of making the Certificates of Insurance compliant with the undertakings of the Lessee as stated in this Section (1). The Lessee declares that the right of inspection of the Lessor with respect to the Certificates of Insurance and its right to instruct the amendment of the Lessee's insurances as stated above shall not impose on the Lessor or anyone acting on its behalf any obligation and any liability in connection with the Certificates of Insurance as aforesaid including their standard, scope and effect or lack thereof, and shall not derogate from any liability imposed on the Lessee in accordance with this Agreement.

(1.15) The Lessee undertakes to fulfill the conditions set forth in the insurance policies the Lessee takes out, make full and timely payment of the insurance premiums and assure that the Lessee's insurances are extended periodically as may be required and are in effect during the entire Term of Lease.

(1.16) The Lessee undertakes to observe the safety procedures that are published periodically by the Lessor and/or the Management Company and undertakes not to use and/or permit knowingly any act or omission in the Leased Premises and/or the Project that might cause an explosion and/or a fire and/or that might risk human lives or the Project.

(1.17) The Lessee warrants that if the Lessor and/or the Management Company are obligated to pay additional insurance premiums beyond customary due to the activities of the Lessee that deviate materially from the Purpose of Lease, the Lessee shall pay to the Lessor and/or the Management Company, as the

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

case may be, the said addition, immediately upon receiving their first demand.

(1.18) For the avoidance of doubt, it is hereby agreed that setting the liability limits as stated in Sections (1.3) and (1.6) above is a minimal requirement imposed on the Lessee. The Lessee declares and affirms that it shall be precluded from raising any claim and/or demand against the Lessor and/or the Management Company and/or anyone acting on their behalf regarding the minimal liability limits as aforesaid.

(1.19) The Lessor undertakes to take out and maintain, whether by itself and whether by the Management Company, and during the Term of Agreement, the insurances specified in this Section hereunder (hereinafter: "**Project Insurances**") with a legally licensed and reputable insurance company:

(1.19.1) Dwelling insurance for the Project in full replacement value, against loss or damage caused by the customary risks in extended fire insurance. The said insurance shall include a clause regarding waiver of the right of subrogation vis-à-vis the Lessee, provided that the said regarding waiver of the right of subrogation shall not apply in favor of a person who caused malicious damage. It is agreed expressly that for the purpose of this Section the term "Project Structure" shall not include the contents of the lease premises and shall not include any addition, improvement or extension implemented in the Leased Premises by and/or for the Lessees (not by the Lessor and/or the Management Company).

(1.19.2) Third-party liability insurance providing insurance coverage for the statutory liability of the Lessor and the Management Company for injury or damage to the body and/or property of any person and/or entity, in a liability limit of $5,000,000 (five

million U.S. dollars) per event and cumulatively for the insurance term. The insurance will be extended to indemnify the Lessee for its liability for the acts and/or omissions of the Lessor and/or the Management Company and/or anyone acting on their behalf subject to cross-liability clause stipulating that the insurance shall be deemed to have been arranged separately for each of the members of the insured.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

(1.19.3) Employers' liability insurance providing insurance coverage for the liability of the Lessor and the Management Company towards their workers for injury caused in the course of and following their employment by the Lessor and/or the Management Company and/or anyone acting on their behalf in a liability limit of $5,000,000 per claimant, per event and cumulatively during the insurance term.

(1.19.4) Loss of Rent, Management Fees and parking fees insurance (to the extent that there are any) due to damage caused to the structure of the Project and/or the insured property as stated in Section 1.19.1 above, due to the risks detailed in Section 1.19.1 above, for an indemnity period of 12 months. The said insurance shall include an express clause regarding waiver of the right of subrogation towards the Lessee and anyone acting on its behalf provided that the said regarding waiver of the right of subrogation shall not apply in favor of a person who caused malicious damage.

Notwithstanding the aforesaid, it is hereby agreed that the Lessor and/or the Management Company shall be entitled not to take out the insurance specified in this sub-section 1.19.4 above, in whole or in part, provided that the said exemption as stated in Section 1.20 hereunder shall apply as if the insurance was fully arranged.

It is hereby agreed expressly that the arrangement of the insurances specified above shall not add to the liability of the Lessor and/or the Management Company beyond the provisions set forth in the Lease Agreement and/or the Management Agreement and/or derogate from the liability of the Lessee in accordance with the said agreement (except for the provisions set forth in Section (1.20) hereunder).

(1.20) The Lessor declares, in its name and in the name of the Management Company, that they shall raise no claims and/or demands and/or suits against the Lessee and anyone acting on its behalf in respect of damage for which they are entitled to indemnity (or for which they were entitled to indemnity but for the policyholder's contribution set out in the policy) in accordance with the insurances they take out as stated in Sections (1.19.1) and (1.19.4) above, and they hereby exempt the Lessee and anyone acting on its behalf from any liability for such damage as aforesaid. The provisions set forth above regarding exemption from liability shall not apply to any person who causes malicious damage.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

(1.21) The Lessor hereby exempts the Lessee from liability for damage for which it is entitled to indemnity in accordance with the property chapter in the contractor insurance that is arranged as stated above (or for which it was entitled to indemnity but for the policyholder's contribution set out in the policy). Nevertheless, the said regarding waiver of the right of subrogation shall not apply in favor of a person who caused malicious damage.

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Lessor	The Lessee

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Appendix E2

Certificate of Insurance for the Lessee's Works

Date:

To
Ogen Yielding Real Estate Ltd. (hereinafter: "**the Lessor**")
3 Har Sinai St.
Tel Aviv

Dear Sir/Madam,

Re: **Certificate of Insurance regarding an agreement dated (hereinafter: "the Agreement") between you and (hereinafter: "the Lessee") for the lease of property in Ogen Park in Petah Tikva (hereinafter respectively: "the Leased Premises" and "the Project")**

We hereby respectfully confirm that as of and until (hereinafter: "**Insurance Term**") our company took out contractor insurance in the name of the Lessee, contractors and subcontractors, the Lessor and the Management Company, providing insurance coverage for the works that are performed by the

Lessee and/or anyone acting on its behalf as stated hereunder, when the scope of coverage granted under the said insurance is in accordance with the "Bit" 2013 insurance policy or any other corresponding form:

1. Chapter 1 — all-risk insurance providing insurance coverage for loss or damage caused to the Lessee's works in full value and loss or damage caused to the equipment used for the purpose of performing the said works. This chapter includes a clause regarding waiver of the right of subrogation vis-à-vis the Lessor and/or the Management Company and anyone acting on their behalf and towards the other right holders in the Project on the condition that the insurance of the other right holders in the project including a corresponding clause regarding waiver of the right of subrogation towards the Lessee, provided that the said regarding waiver of the right of subrogation shall not apply to any person who causes malicious damage.

   The chapter includes an extension regarding property being worked upon and/or surrounding property in a liability limit that shall not fall below $50,000 (fifty thousand U.S. dollars).

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

2. Chapter 2 — third-party liability insurance in a liability limit as stated hereunder. The said chapter includes a cross-liability clause stipulating that the insurance shall be deemed to have been arranged separately for each of the members of the insured.

   Liability limit $ per event and cumulatively for the Insurance Term.

   The said chapter shall not include any limitation regarding the following issues:

   A. Claims of subrogation by the National Insurance Institute.

   B. Bodily harm deriving from the use of heavy equipment that is a motorized vehicle whose compulsory insurance is not mandatory.

   C. Liability for damage caused by vibrations and weakening of supports in a liability limit of $250,000 per event (and cumulatively for the insurance term).

3. Chapter 3 — employers' liability insurance in respect of the liability towards workers employed in the performance of the works and in a liability limit of $5,000,000 (five million dollars) per claimant, per event and cumulatively for an annual insurance term. This insurance does not include any limitation regarding works in height and in depth, hours of work, baits and poisons, contractors, subcontractors and their workers and youth employment.

The insurance specified above includes an express condition stipulating that it is a primary insurance and precedes any insurance that was taken out by the Lessor and/or the Management Company and we waive any claim and/or demand regarding participation of the insurances of the Lessor and/or the Management Company. In addition, we undertake that the said insurance shall not be diminished or terminated during the insurance term unless the Lessor receives a 60 days' prior and written notice in registered mail. We further confirm that the Lessee shall be solely responsible for payment of the insurance premiums and the deductible amounts for the insurance as stated above.

Subject to the terms and exclusions specified in the original policies to the extent that they were not expressly modified in accordance with the provisions set forth hereinabove.

(Stamp of Insurer)	(Signature of the Insurer)	(Name of Signatory)	(Position of Signatory)

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Appendix E3

Lessee's Certificate of Insurance

Date:

To
Ogen Yielding Real Estate Ltd. (hereinafter: "**the Lessor**")
3 Har Sinai St.
Tel Aviv

Dear Sir/Madam,

Re: **Certificate of Insurance regarding an agreement dated (hereinafter: "the Agreement") between you and (hereinafter: "the Lessee") for the lease of property in Ogen Park in Petah Tikva (hereinafter respectively: "the Leased Premises" and "the Project")**

We hereby respectfully confirm that as of and until (hereinafter: "**Insurance Term**") our company took out the insurances specified hereunder in the name of the Lessee, regarding the Leased Premises in the Project (hereinafter: "**Lessee's Insurances**"):

1. Contents insurance providing insurance coverage for the contents of the Leased Premises and equipment serving the Leased Premises that is owned and/or under the responsibility of the Lessee and that is located outside the Leased Premises and in the area of the Project, in full value, and any modification and addition in the Leased Premises that were performed and/or that will be performed by the Lessee and/or anyone acting on its behalf, against loss or damage due to the customary risks in extended fire insurance, including fire, smoke, lighting, explosion, earthquake, storm and tempest, flood, damage caused by fluids and splitting of pipes, impact caused by a vehicle, impact caused by an aircraft, strikes, disorderly conduct, malicious damage, glass breakage and break-in. The insurance includes an express condition stipulating that the insurer waives any right of subrogation towards the Lessor, the Management Company and anyone acting on their behalf and towards the other right holders in the Project (whose property insurance includes a corresponding clause regarding waiver of the right of subrogation towards the Lessee) provided that the said regarding waiver of the right of subrogation shall not apply in favor of a person who caused malicious damage.

2. **Third-party liability insurance**, providing insurance coverage for the statutory liability of the Lessee in accordance with the provisions set forth in any law for

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

damage or injury to the body and/or property of any person and/or entity in the liability limits as stated hereunder. The insurance is not subject to any limitation regarding liability arising out of fire, explosion, panic, hoisting, loading and unloading apparatuses, defective sanitary fixtures, poisoning, anything harmful in foods and beverages, liability in respect of and towards contractors, subcontractors and their workers, strikes and lockouts and claims of subrogation by the National Insurance Institute. The insurance is extended to indemnify the Lessor and the Management Company for their liability for the acts and/or omissions of the Lessee and anyone acting on its behalf subject to a cross-liability clause stipulating that the insurance shall be deemed to have been arranged separately for each of the members of the insured.

Minimum liability limit: NIS 5,000,000 per event and cumulative for an annual insurance term.

3. **Employers' liability insurance** providing insurance coverage for the liability of the Lessee towards its employees employed by the Lessee for bodily harm or illness caused to any thereof in the course of and following their employment, in a liability limit of $5,000,000 (five million U.S. dollars) per claimant, per event and cumulatively for an annual insurance term. This insurance does not include any limitation regarding works in height and in depth, hours of work, contractors, subcontractors and their workers (in case the Lessee is considered as their employer), baits and poisons and youth employment. The said insurance is extended to indemnify the Lessor and the Management Company in case it is stated, regarding the occurrence of any occupational accident, that they are held liable as an employer towards any of its employees. The insurance includes waiver of the right of subrogation in favor of the Lessor and/or the Management Company and/or anyone acting on their behalf, provided that the said waiver of the right of subrogation shall not apply in favor of a person who caused malicious damage.

4. **Consequential loss insurance**, providing insurance coverage for loss of gross earnings caused to the Lessee as a result of loss or damage to the building of the Project and/or the structure of the Leased Premises and/or the contents of the Leased Premises and/or due to the demolition of any thereof, due to the risks detailed in Section 1 above, for an indemnity period of 12 months as a minimum. The insurance includes an express provision stipulating that the insurer waives any right of subrogation towards the Lessor, the Management Company and anyone acting on their behalf and towards the other right holders in the Project (on the condition that the consequential loss insurance of the other right holders in the Project includes a corresponding clause regarding waiver of the right of subrogation towards the

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Lessee), provided that the said regarding waiver of the right of subrogation shall not apply in favor of a person who caused malicious damage.

The insurances specified above include an express provision stating that they shall take precedence over any insurance that the Lessor and/or the Management Company arrange and we waive any claim and/or demand regarding the participation in the insurances of the Lessor and/or the Management Company. In addition, we undertake that the aforesaid insurance shall not be adversely modified and shall not be terminated during the Insurance Term unless the Lessor receives a 30 days' prior notice in registered mail in connection therewith. In addition, we confirm that the Lessee shall be solely responsible for the payment of the insurance premiums and the deductible amounts in respect of the insurances specified above.

Subject to the terms and exclusions specified in the original policies to the extent that they were not expressly modified in accordance with the provisions set forth hereinabove.

Sincerely,

(Stamp of Insurer)	(Signature of the Insurer)	(Name of Signatory)	(Position of Signatory)

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Appendix F — Special Conditions

Between: **Ogen Yielding Real Estate Ltd.**
Company No. 5200330933
Har Sinai St., Tel Aviv
(Hereinafter: "**the Lessor**")

The first party;

And between: **PolyPid Ltd.**
Company No. 514105923
Whose address for the purpose of this Agreement is: PO Box 7126 Petah Tikva
(Hereinafter: "**the Lessee**")

The second party;

The said by the Sections indicated in this Appendix hereunder shall supplement and add the said in the corresponding Sections in the Lease Agreement dated *27.3.14* that was signed between the parties (hereinafter: "**the Lease Agreement**") and the said in this Appendix shall take precedence over the said in the Lease Agreement. The other terms set forth in the Lease Agreement shall remain in full force and effect.

All terms used in this Appendix shall have the meaning assigned to them in the Lease Agreement, unless otherwise stated expressly.

Section 2 — Definitions

"The Leased Premises" — The Leased Premises comprise of the following areas:

(1) An area of approximately 1,200sqm net with the addition of 15% for the Public Areas in the Building, i.e., 1,380sqm gross in the first floor of the Tamar Building located in 18 HaSivim St. in Petah Tikva;

(2) An area of approximately 250sqm net with the addition of 15% for the Public Areas in the Building, i.e. 287.5sqm gross, in the ground floor of the Tamar Building located in 18

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

HaSivim St. in Petah Tikva (hereinafter: "**the Ground Floor**");

(3) 20 parking spaces according to the following distribution: 4 marked parking spaces in the exterior parking lot; 8 marked parking spaces in the Ground Floor of the two-floor parking lot, and 8 marked parking spaces in the first floor of the two-floor parking lot.

"Delivery Date of the Ground Floor" — June 12, 2014 and subject to the provisions set forth in Section 13 of the Lease Agreement and on the condition that the securities and the Certificates of Insurance were delivered to the Lessor in accordance with the provisions set forth in the Lease Agreement. During the period between the Delivery Date of the Ground Floor and until the Lease Commencement Date the Lessee shall be considered solely as an authorized person in order to perform the adjustment works in the Ground Floor of the Leased Premises. During this period the Lessee shall be entitled to perform the adjustment works even in the first floor of the Leased Premises subject to obtaining the prior and written approval of the Lessor, and in the event the Lessee's works disrupt the performance of the Lessor's works in the first floor the Lessor shall be entitled to cease the Lessee's works and the Lessee shall raise no claims and/or demands in connection therewith.

"Lease Commencement Date" — September 7, 2014, on the condition that the Lessor received checks for the Rent, Management Fees and parking fees in respect of the Leased Premises in accordance with the provisions set forth in the Lease Agreement. This date also constitutes the **Delivery of Possession Date of the Remaining Leased Premises** that include the entire Leased Premises except for the Ground Floor that will be delivered to the Lessee on the Delivery Date of the Ground Floor.

"Basic Index" — The index of February 2014.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Section 7 — Purpose of Lease

The Purpose of Lease is offices and laboratory only.

Section 8 — Term of Lease

— A period of 64 months commencing on the Lease Commencement Date, within its meaning above, and that will expire on 11.1.2020 (hereinafter: "**First Term of Lease**").

— The second Term of Lease shall commence upon expiration of the First Term of Lease and shall expire 60 months thereafter (hereinafter: "**Second Term of Lease**").

— The First and/or Second Term of Lease shall be referred hereinabove and hereinafter: "**Terms of Lease**."

Section 9 — Rent

— During the Term of Lease, the Lessee shall pay to the Lessor Rent as follows:

An amount of NIS 50 (fifty new Israeli shekels) for each 1sqm of the gross Area of the Leased Premises per month, in addition to statutory VAT and linkage differentials (hereinafter: "**Rent**").

— During the Second Term of Lease, monthly Rent shall be increased automatically in an amount in new Israeli shekels at a rate of 3.5% of the Rent that will be paid in the last month of the First Term of Lease (hereinafter: "**Rent for the Second Term of Lease**").

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

— Notwithstanding the aforesaid, it is agreed that as of the Lease Commencement Date the Lessee shall have a grace period of four months (hereinafter: "**the Grace Period**"), i.e., until 12.1.2015, in which the Lessee shall be exempt solely from payment of the Rent, however during this period the Lessee shall incur all other payments applicable to the Lessee in accordance with the Agreement including payment of Management Fees, municipal taxes, electricity and the like.

— For the avoidance of doubt, it is clarified that after expiration of the Grace Period the Rent payments shall be added to the said payments in accordance with the provisions set forth in this Section above.

— It is agreed that in the event the Lessee wishes to terminate the lease upon expiration of the First Term of Lease and not to extend the lease by the Second Term of Lease within its meaning above, in such circumstances as aforesaid the Lessee shall enclose with its notice regarding avoidance from extending the Term of Lease by the Second Term of Lease a cashier's check in the amount of the Rent for the Grace Period. To the extent that the Lessee fails to enclose the check with the notice regarding avoidance from extension of the Term of Lease by the Second Term of Lease, the notice regarding avoidance of extension of the Term of Lease shall be deemed as null and void.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Section 9.3 — Rent for parking spaces

During the entire Term of Lease, the Lessee shall pay to the Lessor monthly parking fees as follows:

— (1) An amount of NIS 300 (three hundred new Israeli shekels) in addition to statutory VAT and linkage differentials for 4 parking spaces in the exterior parking lot;

— (2) For each marked parking space in the two-floor parking lot, monthly parking fees in the amount of NIS 250 (two hundred and fifty hundred new Israeli shekels).

— In total the Lessee shall pay to the Lessor for the parking spaces monthly parking fees in the amount of NIS 4,400 (four thousand and four hundred new Israeli shekels) in addition to statutory VAT and linkage differentials (hereinafter: "**Parking Fees**"). It is clarified that the Parking Fees include the Management Fees and the municipal taxes applicable to the parking spaces and all other payments that are relevant for parking. For the avoidance of doubt, it is clarified that as of 19:00 the marked parking spaces will be made available to the public.

The Parking Fees will be paid on the payment dates of the Rent.

The Lessee undertakes to pay the Parking Fees even if it did not actually use the parking spaces, in whole or in part, during the entire Term of Lease or a part thereof, and as long as this Agreement is in effect, unless the Lessee delivers to the

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Lessor a 30 days' prior notice regarding its wish to reduce the number of parking spaces it leases. In addition, in case the Lessee notifies the Lessor regarding its wish to lease additional parking spaces, the Lessor shall allow this to the Lessee to the extent that it has available parking spaces and according to the rates that are customary at the time.

For the avoidance of doubt, it is clarified that the payment of the Parking Fees for the parking spaces constitutes a prerequisite for parking in the Parking Lot.

Section 15 — Management of the Building:

During the First Term of Lease, Management Fees shall be in the amount of NIS 12 (twelve new Israeli shekels) for each 1sqm of the gross Area of the Leased Premises per month in addition to statutory VAT and linkage differentials (hereinafter: "**Management Fees**").

During the First Term of Lease, the Lessor shall be entitled to decide, at its sole discretion, whether to keep the Management Fees unchanged as stated in this Section above, or change the Management Fees in accordance with the provisions set forth in Section 3 of the Management Agreement.

In the event of discrepancy between the said and the provisions set forth in the Management Agreement, the said above shall take precedence.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Section 24 — Securities:

Without derogating from the said in Section 24 of the Agreement, the Lessee shall provide to the Lessor the following securities:

At the time of signing the Agreement the Lessee shall provide to the Lessor a bank guarantee in an amount equal to the Rent and the Management Fees, in respect of 3 months of lease, in addition to statutory VAT and linkage differentials, i.e., an amount of NIS 365,983 (three hundred and sixty-five thousand and nine hundred and eighty-three new Israeli shekels).

During the Option Term, the bank guarantee shall be updated in such manner that during the entire Term of Lease it shall be in an amount equal to the Rent, the Management Fees and the Parking Fees for three months of lease in addition to linkage differentials and VAT in respect whereof.

And in witness hereof the parties are hereby undersigned:

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Lessor	**The Lessee**

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Appendix H

Bank Guarantee

Of a Lease Agreement Made and executed in Tel Aviv on the 27th day of March, 2014

Between: **Ogen Yielding Real Estate Ltd.**
Company No. 520033093
Whose address for the purpose of this Agreement is: 3 Har Sinai St., Tel Aviv
(Hereinafter: "**the Lessor**")

And between: **PolyPid Ltd.**
Company No. 514105923
Whose address for the purpose of this Agreement is: 18 HaSivim St., PO Box 7126 Petah Tikva
(Hereinafter: "**the Lessee**")

Date: March 27, 2014

To
Ogen Yielding Real Estate Ltd.

Dear Sir/Madam,

Re: Bank Guarantee no.

1. We hereby guarantee towards you to pay any amount up to a total amount of NIS 365,983 (three hundred and sixty-five thousand and nine hundred and eighty-three new Israeli shekels) (hereinafter: "**Guarantee Amount**") that you will demand from **PolyPid Ltd., Company No. 514105923** (hereinafter: "**the Debtor**") in connection with the Lease Agreement made between the Lessor and the Debtor on March 27, 2014 (hereinafter: "**the Agreement**").

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

2. The Guarantee Amount shall be linked to the consumer price index as published by the Central Bureau of Statistics from time to time in accordance with the following terms of linkage:

   The Basic Index for the purpose of this Guarantee shall be the index of February 2014 that will be published on March 15, 2014.

   The New Index for the purpose of this Guarantee shall be the index that was published shortly before and prior to receiving your demand in accordance with this Guarantee.

   The linkage differentials for the purpose of this Guarantee shall be calculated as follows: if it transpires that the New Index increased compared to the Basic Index, the linkage differentials shall be — the amount equal to the product of the difference between the New Index and the Basic Index multiplied by the amount of the demand, divided by the Basic Index. If the New Index falls below the Basic Index, we will pay you the amount stated in your demand up to the Guarantee Amount, without any linkage differentials.

3. Upon receiving your first written demand and no later than seven days as of the date we received your demand to our address as stated hereunder, we will pay you any amount specified in the demand provided that the said amount is not greater than the Guarantee Amount together with the linkage differentials, without imposing on you any obligation to prove or substantiate your demand and you will not be required to demand the payment first from the Debtor.

4. This Guarantee shall be in effect until the day in the month of in the year (including) only, and shall be null and void after the said date.

   Any demand made in accordance with this Guarantee shall be delivered to us in writing and shall be received by us no later than the aforesaid date.

5. This Guarantee is transferable and/or assignable.

6. This Guarantee may be paid in installments.

Sincerely,

Bank Ltd.

Bank address:

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Appendix I

Delivery protocol

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Appendix J

Hot work Procedure

The Lessee and all contractors working on its behalf shall be obligated to work solely in accordance with the instructions set forth in the following Procedure:

1. No hot work shall be performed in the area of the Leased Premises and the Project however solely in accordance with the instructions set forth in this Procedure:

2. The term “hot works” shall mean — the performance of any work that requires welding and/or cutting by the application of heat or the use of an open flame.

3. Any contractor or subcontractor acting on behalf of the Lessee and that performs hot work shall appoint a supervisor on its behalf (hereinafter: “**the Supervisor**”) who will be responsible to assure that hot works are performed solely in accordance with the instructions set forth in this Procedure.

4. Prior to start of any hot works the Supervisor shall inspect the area designated for the work and shall assure that any flammable materials are removed from the premises in a radius of at least 10m, when fixed and irremovable flammable objects will be covered with a fire-retardant cover.

5. The Supervisor shall appoint a person who will serve as a fire observer (hereinafter: “**Fire Observer**”) that will hold proper fire extinguishing measures corresponding to the type of flammable materials that are in the premises of performing the hot work. The Fire Observer shall be solely responsible for observing the performance of the hot works and taking immediate action for the purpose of extinguishing any kindling caused as a result of performance of the hot work.

6. The Fire Observer shall be present in the premises where the hot work is performed as of start of its performance and until 30 minutes after their completion so as to assure that there are no possible sources of kindling in the premises.

For the avoidance of doubt, it is hereby clarified that failure to follow this procedure by the Lessee and/or any contractor on its behalf might affect the insurance coverage stated in the insurance policies that were taken out in respect of the performance of the works in the Leased Premises and the Project.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Signed]

Exhibit 10.4.1

First Addendum of Lease Agreement dated March 27, 2014

Made and executed in Tel Aviv on the : *1st* day of *July*, 2014

Between: **Ogen Yielding Real Estate Ltd., Company No. 52-003309-3**
Of 3 Har Sinai St., Tel Aviv
(Hereinafter: "**the Lessor**")

The first party;

And between: **PolyPid Ltd., Company No. 514105923**
Of 18 HaSivim St., Petah Tikva
(Hereinafter: "**the Lessee**")

The second party;

Whereas: On March 27, 2014 the Lessee and the Lessor signed a lease agreement according to which the Lessee leased the Leased Premises, within their meaning in the Lease Agreement, located in HaSivim St. in Petah Tikva (hereinafter respectively: "**the Agreement**" and "**the Leased Premises**");

And whereas: The Lessee requested from the Lessor to lease an additional area of approximately 377sqm gross, located in the ground floor in Tamar Building, according to the blueprint hereby enclosed as **Appendix A** (hereinafter: "**Additional Leased Premises**");

And whereas: The Lessor granted the request of the Lessee in accordance with the provisions set forth in this Addendum hereunder;

Therefore, it is Declared, Stipulated and Agreed between the Parties as Follows:

1. **Preamble**

1.1. The preamble hereto shall be deemed an integral part of this Addendum.

1.2. All definitions used in this Addendum shall have the meaning assigned to them in the Lease Agreement.

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Lessor	**The Lessee**

1.3. The provisions set forth in the Lease Agreement shall continue to apply to the parties, *mutatis mutandis*, except for the provisions set forth in this Addendum in respect of which the parties agreed as stated hereunder.

1.4. The provisions set forth in this Addendum shall be construed as adding to the said in the Lease Agreement and shall not derogate therefrom. Notwithstanding the said, in the event of discrepancy between the provisions set forth in the Lease Agreement and the provisions set forth in this Addendum, the provisions set forth in this Addendum shall take precedence and shall be binding.

2. **The Additional Leased Premises**

2.1. Subject to the provision of the updated guarantee and the certificates of insurance (as stated hereunder) by the Lessee to the Lessor, the Additional Leased Premises shall be added to the Leased Premises.

2.2. The purpose lease of the Additional Leased Premises is identical to the Purpose of Lease set forth in the Agreement. For the avoidance of doubt, it is clarified that no additional modifications shall be performed in the Additional Leased Premises.

3. **Term of Lease**

3.1. It is agreed that the Additional Leased Premises shall be delivered to the Lessee on June 12, 2014 (hereinafter: "**Delivery Date**"). As of the Delivery Date the Lessor and the Lessee shall perform adjustment works in the Additional Leased Premises (as stated hereunder) in coordination and cooperation between the parties, subject to the fulfillment by the Lessee of all its undertakings in the Agreement and in this Addendum, including the cumulative fulfillment of the following conditions: the Lessee furnished to the Lessor the updated guarantee (within its meaning in Section 5 hereunder) and the certificates of insurance specified in Section 6 hereunder.

3.2. The Term of Lease of the Additional Leased Premises shall commence on September 7, 2014 and shall expire according to the expiration of the Term of Lease of the Leased Premises as stated in the Agreement, i.e. on January 11, 2020 (hereinafter: "**Term of Lease of the Additional Leased Premises**"). For the avoidance of doubt, it is clarified that the entire

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Lessor	**The Lessee**

provisions set forth in the Agreement regarding the Second Term of Lease shall also apply to the Additional Leased Premises.

3.3. For the avoidance of doubt, it is hereby clarified that to the extent that the Agreement is lawfully terminated by the parties, such termination as aforesaid shall apply also with respect to the Additional Leased Premises and in such circumstances as aforesaid the Term of Lease of the Additional Leased Premises shall be terminated early, and the Lessee shall vacate the Additional Leased Premises in accordance with the provisions set forth in the Agreement, without derogating and/or detracting from any right and/or relief the parties may seek in accordance with the provisions set forth in any agreement and/or in accordance with the provisions set forth in any law.

4. **Rent and Management Fees**

4.1. During the Term of Lease of the Additional Leased Premises the Lessee undertakes to pay to the Lessor for the Additional Leased Premises Rent in the amount of NIS 50 (fifty new Israeli shekels) for each 1sqm gross of the area of the Additional Leased Premises, in addition to statutory VAT, and in addition to linkage differentials in accordance with the provisions set forth in Section 4.6 hereunder (hereinafter: "**Rent for the Additional Leased Premises**"). For the avoidance of doubt, it is clarified that during the Second Term of Lease the Rent in the Additional Leased Premises shall increase in accordance with the provisions set forth in the Second Term of Lease in Appendix F of the Agreement.

4.2. Notwithstanding the said, it is agreed that as of commencement of the Term of Lease of the Additional Leased Premises, the Lessee shall have a grace period of 4 (four) months with respect to the Leased Premises (hereinafter: "**Grace Period in the Additional Leased Premises**") during which the Lessee shall be exempt solely from the payment of the Rent for the Additional Leased Premises and during this period the Lessee shall incur all other payments in respect of the Additional Leased Premises, including municipal taxes, electricity, water and Management Fees for the management of the Additional Leased Premises (within the meaning of this term in Section 4.2 hereunder). It is further agreed that with respect to the part of the Additional Leased Premises that is designated to be used as clean rooms and laboratories (except for the dining room), that constitutes an area of approximately 300sqm gross, the grace period that shall be granted shall be two additional months (2 months) (beyond the said period of 4 months

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Lessor	**The Lessee**

as aforesaid) however only in the event the operation of these rooms is delayed and during this period the Lessee shall be exempt solely from payment of the Rent for an area of 300sqm gross as aforesaid.

4.3. It is clarified that beyond the period of 6 months the Rent shall be paid in accordance with the provisions set forth in the Agreement, even if the operation of the said area is delayed. In the event the Lessee starts to use the Additional Leased Premises until 7.9.2014, Grace Period in the Additional Leased Premises shall be shortened to 4 months.

4.4. During the Term of Lease of the Additional Leased Premises the Lessee undertakes to pay to the Lessor for the Additional Leased Premises Management Fees in the amount of NIS 12 (twelve new Israeli shekels) for each 1sqm gross of the area of the Additional Leased Premises, in addition to statutory VAT, and in addition to linkage differentials (hereinafter: "**Management Fees for the Additional Leased Premises**"). For the avoidance of doubt, it is clarified that the Management Fees during the Second Term of Lease shall increase in accordance with the provisions set forth in Appendix F of the Agreement.

4.5. The manner of payment of the Rent for Additional Leased Premises and the Management Fees for the Additional Leased Premises shall be as stated in Section 9 of the Agreement.

4.6. For the avoidance of doubt, it is clarified that the Basic Index, within its meaning in the Agreement, is the consumer price index of February 2014 that was published on 15.3.2014.

4.7. The Lessee undertakes to pay for the Additional Leased Premises the full amount of the Rent for the Additional Leased Premises, Management Fees for the Additional Leased Premises and taxes and payments as stated in Section 11 of the Agreement, even if the Lessee vacates the Additional Leased Premises and/or did not use the Additional Leased Premises and/or made partial use of the Additional Leased Premises, for whatever reason.

5. **Securities**

The Lessee undertakes to update the amount of the bank guarantee that was provided to the Lessor in a manner that an amount equal to the Rent for the Additional Leased Premises and the Management Fees of the Leased Premises shall be added for 3 months of lease, in addition to statutory VAT and linkage differentials (hereinafter:

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Lessor	**The Lessee**

"**Updated Guarantee**"). It is agreed that a condition for delivery of possession in the Additional Leased Premises is provision of the Updated Guarantee to the Lessor on the Delivery Date.

6. **Insurance and liability**

Each of the parties undertakes to fulfill the undertakings applicable to it regarding the insurances in accordance with the provisions set forth in the Agreement and the insurance appendixes enclosed therewith also with respect to the Additional Leased Premises.

7. **Adjustment works**

It is agreed that the Lessor shall perform adjustment works in the Additional Leased Premises as stated hereunder, until the Lease Commencement Date of the Additional Leased Premises:

7.1. Adjustment of peripheral walls and entries to the Leased Premises according to the architectural plans of the Lessee that will be approved by the Lessor; the Lessor undertakes to withhold approval for reasonable considerations;

7.2. Modification of the air-conditioning system and the fire detection and fire suppression system as customary in the offices. For the avoidance of doubt, it is clarified that the Lessee shall be solely responsible for any modification and/or adjustment that are necessary (if any) in the said systems, in light of the use made of the Additional Leased Premises (as opposed to the use of offices).

7.3. Water and drainage in delivery pipes operated by an electrical pump in accordance with the architectural plans and the existing circumstances in the field.

7.4. The Lessee undertakes to obtain from the authorities all the approvals that are necessary for the purpose of operating the Additional Leased Premises, to the extent that such approvals are necessary.

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Lessor	**The Lessee**

In Witness Whereof The Parties Hereto Have Hereunto Set Their Hands And Seal On The Day, Month And Year First Hereinabove Written:

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Lessor	**The Lessee**

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Lessor	**The Lessee**

Exhibit 10.4.2

Second Addendum of Lease Agreement dated March 27, 2014

Made and executed in Tel Aviv on the 23rd day of July, 2017

Between: **Ogen Yielding Real Estate Ltd., Company No. 520033093**
Of 3 Har Sinai St., Tel Aviv
(Hereinafter: "**the Lessor**")

The first party;

And between: **PolyPid Ltd., Company No. 514105923**
By its authorized signatories
Of 18 HaSivim St., Petah Tikva
(Hereinafter: "**the Lessee**")

The second party;

Whereas: On March 27, 2014 the Lessee and the Lessor signed a lease agreement [hereinafter: "**the Original Agreement**"] according to which the Lessee leases the Leased Premises within their meaning in the Original Agreement;

And whereas: The Lessor and the Lessee signed the first Addendum of the Original Agreement on July 1, 2014 [hereinafter: "**First Addendum**"] according to which the Lessee leases from the Lessor an additional area of approximately 377sqm gross, located on the ground floor in the Tamar Building [the Leased Premises, within their meaning in the Original Agreement and the additional area that was leased to the Lessee in accordance with the First Addendum shall be referred hereinafter collectively: "**the Leased Premises**" as stated in the First Addendum [the Original Agreement and the First Addendum shall be referred hereinafter: "**the Lease Agreement**"];

And whereas: The Lessee requested from the Lessor to lease, in addition to the Leased Premises within their meaning above, the "Additional Area" within its meaning hereunder and the Lessor agreed to the request of the Lessee as aforesaid and to set out additional conditions in connection with the Leased Premises, in accordance

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with the subject to the provisions set forth in this Addendum hereunder;

Therefore, it is Declared, Stipulated and Agreed between the Parties as Follows:

1. **Preamble**

1.1. The preamble hereto shall be deemed an integral part of this Addendum.

1.2. All definitions used in this Addendum shall have the meaning assigned to them in the Lease Agreement except for the definitions assigned in this Addendum that are different from and in compliance with the agreements specified in this Addendum.

1.3. The provisions set forth in the Lease Agreement shall continue to apply to the parties, *mutatis mutandis*, except for the provisions set forth in this Addendum in respect of which the parties agreed as stated in the Addendum and that shall take precedence over the provisions set forth in the Lease Agreement regarding their subject matter and in particular with respect to understandings regarding commercial and/or engineering and/or planning issues that are relevant to this Addendum.

1.4. The provisions set forth in this Addendum shall be construed as adding to the said in the Lease Agreement and shall not derogate therefrom. Notwithstanding the said, in the event of discrepancy between the provisions set forth in the Lease Agreement and the provisions set forth in this Addendum, the provisions set forth in this Addendum shall take precedence.

List of Appendixes in this Addendum:

Appendix A — Blueprint of the Additional area
Appendix B — Blueprint of the roof
Appendix C — Blueprint of the generator in the yard
Appendix D — Adjustment Works Appendix
Appendix E — Principal plans
Appendix F — Facility manual
Appendix G — Insurance Appendixes
Appendix H — Contractor undertaking Appendix
Appendix I — Guarantee
Appendix J — Blueprint of the cable layout
Appendix K — Feed cable specification

Appendix L — Authorization to debit bank account ("Masav")

2. **The Additional Area**

2.1. In accordance with the provisions set forth in this Addendum, an additional area of approximately 751sqm net shall be added to the area of the Leased Premises (including a storage room in an area of approximately 9sqm marked in green, and that includes office toilets marked in the blueprint in purple, and the office are marked in red) with an addition of 15% for the Public Areas within their meaning in the Lease Agreement, i.e., an area of approximately 684sqm gross, located on the first floor in the Alon Building in the complex, whose boundaries are marked in the blueprint hereby enclosed as **Appendix A** of this Addendum (hereinafter: "**the Additional Area**").

2.2. It is clarified that the Additional Area comprises of two areas — the office area of the Lessee, including the toilet and the storage room as aforesaid (in an area of approximately 100sqm gross, marked in the colors as stated above) (hereinafter: "**Office Area**"). And the area of clean rooms (in the area of the remaining Additional Area, and that is marked in light blue in the blueprint hereby enclosed as **Appendix A** of this Addendum (hereinafter: "**Clean Rooms Area**").

It is clarified that the payment specified hereunder for the Lessee's Works as stated in Section 2 in **Appendix D** of this Addendum refers solely to the Office Area. Except for the **budget** allocated for the Adjustment Works as stated in **Appendix D** of this Addendum, the other provisions set forth in this Addendum shall apply to the entire Additional Area.

2.3. It is clarified that anywhere in this Addendum that refers to the areas of the Additional Area (including parts thereof, and including the division in the interior area of the Lease Agreement), these shall be measured in 3 months by a licensed surveyor and shall be updated by the parties upon consent — including a retroactive update, to the extent required, of the different sums that are charged in accordance with this Agreement, according to the actual scope of the areas.

2.4. The Purpose of Lease of the Additional Area shall be the construction and operation of a production facility, a clean room and offices and storage (in the storage room area).

Adjustment Works by the Lessee

2.4.1. The Additional Area, as marked in the blueprint hereby enclosed as **Appendix A**, shall be delivered to the Lessee on July 23, 2017 in its condition "as-is" at the time of signing this Addendum, and the Lessee shall raise no claims and/or demands and/or suits towards the Lessor and/or anyone acting on its behalf in connection therewith, unless the Lessor knew of a latent defect or failure and did not disclose the said information to the Lessee, or a latent defect or failure that was detected in the course of performance of the works, including in anything related to the performance of the Lessee's works in the Additional Area, within their meaning hereunder, and in their condition as stated above.

It is further agreed that the Adjustment Works shall be performed solely by the Lessee in the Additional Area [hereinafter: "**Lessee's Works**"] at the sole expense and under the sole responsibility of the Lessee, and the Lessee shall incur the following costs, including however without limitation, all costs related to and/or deriving the performance of the Lessee's Works as stated hereunder and except for the budget specified in **Appendix D** of this Addendum, subject to the approval of the principal plans of the Additional Area with respect to the Additional Area by the Lessor (and/or anyone acting on its behalf). The Adjustment Works in the Additional Area shall be performed in accordance with the plans enclosed as **Appendix E** that the Lessee delivered to the Lessor in principle and that the Lessor accepted in principle [hereinafter: "**Lessee's Works Plans**"] and subject to the comments and future approval of the Lessor that shall be provided in accordance with the provisions set forth in this Addendum and shall not affect the agreement in principle however shall refer later on to the specific construction plan only, to the extent that the Lessor deems fit.

For the avoidance of doubt, the specific performance of the works in the Additional Area shall be permitted to the Lessee solely on the condition that the work plans in principle of the Lessee are approved by the Lessor unless they deviate materially from the agreement in principle or deviate from the provisions set forth in the law.

For the avoidance of doubt, the approval of the Lessor to perform the Lessee's Works shall not impose on the Lessor any liability for the planning of the works unless the Lessor provided incorrect declarations or data (in writing only) regarding the Additional Area and its features, and on which the Lessee relied. It is hereby clarified that the Lessee shall be entitled to perform modifications in the Works not in accordance with the

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main sections (that were approved previously and in advance by the Lessor) however in any event the Lessee may not perform the following works without obtaining the prior and written approval of the Lessor: (1) connection and/or disconnection from the systems in the Building; (2) works that can affect the façades of the Building; (3) performing any constructive change in the Building; (4) works that may cause excess load on the floor of the Building and/or a change in the plans of the Leased Premises, from a safety aspect and without obtaining the prior and written approval of the Lessor in connection therewith.

2.4.2. The Lessee is obligated to furnish to the Lessor all the securities and the Lessee's certificates of insurance as stated in this Addendum prior to delivery of possession in the Additional Area and prior to commencement of performance of the Adjustment Works in the Additional Area, as stated in this Addendum.

2.4.3. It is clarified that the actual commencement of the Lessee's Works in the Leased Premises shall be coordinated with the Lessor and the Management Company, and the Lessee shall be responsible for obtaining their approval prior to the commencement of the Lessee's Works as aforesaid.

In addition, it is clarified that the Lessee shall incur all expenses as aforesaid with and/or deriving from the performance of the Works (except for the budget specified in **Section 2, Appendix D**) that shall be performed by the Lessee as stated above, and the approval of the Lessor shall not impose on the Lessee any responsibility for the design and/or the performance of the Lessee's Works, unless the Lessee provided incorrect declarations or data (in writing only) regarding the Additional Area and its features. Despite the obligation to obtain approvals in principle and other approvals as stated in this Addendum and Appendixes thereof, the Lessee shall be obligated in every respect to inspect the compliance of the Works with all the contractual provisions in connection with this Addendum and the Lease Agreement (*mutatis mutandis*) and with any binding standard, any law and any other relevant instruction of the authorities and the Lessor (unless the Lessor delivered in writing incorrect data or declarations), including upon completion of the Adjustment Works and shall deliver to the Lessor (and/or anyone acting on its behalf) As-Made plans and all the documents that are necessary in accordance with the Facility Manual table enclosed as Appendix F.

2.4.4. In addition, the Lessee undertakes to sign the contractor(s) that will perform the Lessee's Works in the Leased Premises on an Undertaking enclosed with this Addendum, as stated in the provisions set forth in **Appendix H** enclosed with this Addendum, and as a prerequisite for the performance of the Works as stated above in the Leased Premises. In addition, the Lessee shall sign an Insurance Appendix in connection with the Works and undertakes to uphold its provisions in connection with the works that will be performed by the Lessee in the Leased Premises, including presentation of all the relevant certificate in connection with the arrangement of the insurances, as stated in **Appendixes G1-G3** enclosed with this Addendum.

2.4.5. The Lessee agrees that to the extent that as a result of performance of the Lessee's Works by the Lessee any damages and/or defects are caused to the Lessor and/or other lessees and/or visitors and/or passersby and any third-party and/or to the Additional Area and/or to any other area of the areas of the Leased Premises and/or to other leased premises, these damages shall be repaired by the Lessee in 7 business days, unless the Lessee proved that that it or anyone acting on its behalf was not responsible for the cause of the damage and in such circumstances the Lessor shall inquire the cause of the damage. In addition, it is clarified that during the inquiry/investigation the count of the days as aforesaid shall not be taken into account. To the extent that it is found that the Lessee is not responsible for such damages and/or defects as aforesaid, the Lessee shall not be obligated to make repairs including with respect to the dates specified above — without derogating from any other relief the Lessor and/or any other relevant third-party are entitled to in respect of the damages and/or the costs incurred by the Lessor due to the occurrence of the damages as aforesaid and subject to the quality of the required works.

2.4.6. It is further clarified that in case the damage and/or the defect were caused by the Lessee subject to the provisions set forth in Section 2.4.5 above, and consequently the Lessor receives any suit and/or demand, the Lessee undertakes to act in order to handle the said demand and/or suit and arrange everything necessary in 7 days and take action for the purpose of settling this matter at the earliest opportunity. It is clarified that the said shall not apply to urgent matters (that, by their very own nature, prevent the regular operations in the Additional Area) — and these will be settled immediately after the Lessee receives notice and when the identity of the cause of the damage cannot be determined immediately. To the extent that the Lessee

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failed to take the said action solely with respect to urgent repairs as stated above and the Lessor was required to pay any amount and/or incur any obligation in respect of the said, the Lessee shall indemnify the Lessor for any damage and/or payment and/or cost the Lessor incurred, immediately upon receiving its first notice, and without derogating from any other relief the Lessor may seek against the Lessee in respect of breach of the provisions set forth in this Addendum and/or by virtue of any law.

2.4.7. The parties agree that the Lessor will allow the Lessee to install cameras in the Additional Area during the period of performance of the works as stated above, so as to avoid disputes regarding the cause of the damage. The Lessor permits the Lessee to install cameras at the expense of the Lessee in the Additional Area solely during the period of performance of the works, to the extent that the Lessee wishes.

2.4.8. The Lessee (and anyone acting on its behalf) undertakes during the period of performance of the Lessee's Works in the Additional Area, to keep to a minimum the disturbance caused to the other leases and undertakes to keep the area of the Leased Premises and the nearby areas clean and orderly and follow the instructions of the Lessor and/or the Management Company in connection therewith. It is further clarified that the Lessee may perform works that cause excessive noise [such as excavations and/or drilling in the floor and/or the ceiling of the Leased Premises and the like] as part of the performance of the Lessee's Works, solely until 08:00 and after 17:00 on Sun. — Thurs. and on Fridays from 13:00 [hereinafter: "**Extraordinary Works**"] however even in such circumstances as aforesaid the Lessee undertakes to follow the instructions set forth by the Management Company, provided that the performance of the said Works is not denied however only for reasonable reasons, and to perform the Extraordinary Works while keeping the Additional Area and surroundings thereof clean. It is clarified that the permission granted to perform the Extraordinary Works shall not derogate from any responsibility of the Lessee in connection with the Additional Area in accordance with the provisions set forth in the Lease Agreement and/or this Addendum. In addition, the Lessee undertakes to mitigate to the extent possible the inconvenience caused to the other lessees in the Project due to the performance of the Extraordinary Works.

2.4.9. It is clarified that the Adjustment Works in the entire area of the Additional Area shall be performed by the Lessee in full cooperation with the Lessor.

2.4.10. In addition, it is clarified and agreed that all the Lessee's Works that will be performed in the Additional Area shall be the sole property of the Lessor however, for the avoidance of doubt, the clean rooms and the ancillary systems and equipment that can be dismantled — shall become the property of the Lessor (hereinafter: "**Dismantling of the Clean Rooms**"). The Lessee shall not

be entitled, under any circumstances, to dismantle the said Adjustment Works without obtaining the prior and written approval of the Lessor (except for the Dismantling of the Clean Rooms) and on the condition that the Lessee returns the Additional Area to the Lessor upon expiration of the Term of Lease in its condition as delivered to the Lessee on the Delivery of Possession Date or upon completion of the Adjustment Works (at the discretion of the Lessor) when the Additional Area is in good and operable condition and subject to reasonable wear, together with all the additions and/or improvements that were built and/or installed therein by the Lessee, except for equipment that is not attached to the Leased Premises [hereinafter: "**Portable Equipment**"], that the Lessee will remove under its responsibility and at its expense,. It is clarified that damage that does not derive from the dismantling of the Portable Equipment from the Leased Premises caused to the Leased Premises shall be repaired at the expense of the Lessee and under its sole responsibility until the date of vacating the Additional Area or on any other agreed date. In case the Lessee failed to act in the said manner, this shall be deemed as breach of the provisions set forth in this Addendum with all ensuing consequences, and the Lessor shall be entitled to forfeit the securities that the Lessor holds in accordance with the provisions set forth in this Addendum, and without derogating from any other of the provisions set forth in the Lease Agreement regarding the circumstances of forfeiture of the securities. Notwithstanding the said, the Lessor shall deliver to the Lessee written notice 14 business days prior to performance of the said forfeiture, and after affording to the Lessee an opportunity to repair the said damage in 10 business days.

2.4.11. Upon completion of performance of the Adjustment Works and prior to occupancy the Lessee shall submit to the Lessor an approval in principle from the safety consultant evidencing that the safety plans (that include, *inter alia*, safety and hygiene issues) were performed in accordance with the principal plans that were submitted in advance in accordance with the provisions set forth in Appendix E of this Addendum.

Without derogating from the aforesaid, in 6 months (at the latest, unless the said date was delayed as a result of reasons that are not contingent on the Lessee) as of the date of occupancy the Lessee shall complete all the approvals that are necessary for the Facility Manual in accordance with the table enclosed as **Appendix F** of this Addendum and that constitute an integral part thereof.

It is clarified that the Lessee shall be responsible for the quality and standard of the Adjustment Works and their compliance with the provisions set forth in any law and shall also be held liable towards the Lessor in accordance with the provisions set forth in the Sale (Apartments) Law 5733-1973 (including Schedule 2 thereof) with respect to contractor's warranty period and the warranty period provided that the contractor's warranty period shall not be greater than a period of one year as of the date of completion of the Adjustment Works.

3. **Term of Lease in the Additional Area**

3.1. The Term of Lease in connection with the Additional Area shall be in accordance with the following provisions:

3.1.1. The Term of Lease in connection with the Additional Area shall commence on July 23, 2017 and shall expire on July 22, 2022 (hereinafter: "**Term of Lease of the Additional Area**"). The entire provisions set forth in the Lease Agreement, to the extent that they were not modified expressly in this Addendum, shall also apply to the Additional Area during the entire Term of Lease of the Additional Area. For the avoidance of doubt, failure to deliver specific work plans in connection with the Lessee's Works and/or failure to approve the said plans shall not release the Lessee from any of its undertakings in accordance with the provisions set forth in this Addendum and, accordingly, as of the commencement of the Term of Lease of the Additional Area the Lessee shall be obligated to fulfill all its undertakings with respect to the Additional Area in accordance with the provisions set forth in the Lease Agreement and in accordance with the provisions set forth in this Addendum, including, however not limited to, payment of the Rent, Management Fees, municipal taxes, and all other payments the Lessee shall be obligated to pay in connection with the Additional Area until expiration of the Term of Lease of the Additional Area.

3.2. It is agreed that without derogating from the provisions set forth in Section 3.1 above, full possession in the Additional Area shall be delivered on July 23, 2017 on the condition that the principal plans were submitted by the Lessee to the Lessor and to the Lessor's consultants as stated above and were approved in principle and that only the Lessee furnished all the securities, insurances, and appendixes that the Lessee is obligated to furnish to the Lessor as stated in this Addendum.

3.3. However, and for the avoidance of doubt, the entire commitments of the Lessee in accordance with the provisions set forth in the Lease Agreement and this Addendum with respect to the Additional Area shall apply as of the commencement date of the Term of Lease in the Additional Area even if the Lessee failed to deliver to the Lessor all the other approvals and/or securities in connection with the Additional Area in accordance with the provisions set forth in this Addendum, and in any event the Lessee shall be obligated to fulfill all its undertakings as of the commencement date of the Term of Lease in the Additional Area, including, however not limited to, payment of the Rent, Management Fees, and all other payments applicable to the Lessee in accordance with the provisions set forth in this Addendum.

4. **Extension of the Term of Lease in the Additional Area**

In addition to the aforesaid, the parties agree that upon expiration of the Term of Lease in the Additional Area and subject to the full and timely fulfillment of all the undertakings of the Lessee and in accordance with the provisions set forth in this Addendum [including, however not limited to, provision of all the securities in accordance with this Addendum, presentation of all the proper certificates of insurance and the fulfillment of all the other undertakings of the Lessee], the Term of Lease in the Additional Area shall be extended for an additional period of 60 additional months as of expiration of the Term of Lease in the Additional Area within its meaning above, i.e., from July 23, 2022 and until July 22, 2027, in accordance with the provisions set forth in this Addendum [hereinafter: "**Additional Term of Lease**"], unless the Lessee delivered to the Lessor notice regarding its wish not to lease the Additional Area during the Additional Term of Lease, until and no later than 6 months prior to expiration of the Term of Lease of the Additional Area.

5. **Rent and additional payments for the Additional Area**

5.1. During the entire Term of Lease of the Additional Area, the Lessee undertakes to pay to the Lessor for the lease of the Additional Area an amount of NIS 42 per 1sqm gross, in addition to VAT and linkage differentials in accordance with the Basic Index within its meaning in the Original Agreement [hereinafter: "**Rent for the Additional Area**"].

5.2. Notwithstanding the said, the parties agree the Lessee shall have a grace period of 2 months only with respect to the Additional Area, as of the Delivery of Possession Date from July 23, 2017 [hereinafter: "**Grace Period**"] during which the Lessee shall be exempt from the payment of Rent for the Additional Area, however during this period the Lessee shall incur all the other payments in respect of the Additional Area including, however not limited to, municipal taxes, electricity, water, payment of 50% of the total Management Fees solely during the Grace Period with respect to the Additional Area only, and any other payment applicable to the Lessee in accordance with the provisions set forth in the Lease Agreement and this Addendum in respect of the Leased Premises (and in compliance with the Additional Area). For the avoidance of doubt, it is clarified that upon expiration of the Grace Period, the Lessee shall incur the full amount of the Rent and the Management Fees with respect to the entire Additional Area even if the use of the Additional Area is delayed for any reason.

5.3. The Lessor shall transfer to the Lessee the Adjustment Works Budget (within its meaning in **Appendix D**) subject to the provisions set forth in this Addendum and Appendixes thereof, and subject to all the conditions and the relevant dates for the purpose of its release.

5.4. During the entire Term of Lease of the Additional Area, the Lessee undertakes to pay to the Lessor for the Additional Area [except for the Grace Period within its meaning above, in which the Lessee shall pay only 50% of the Management Fees], Management Fees in the amount of NIS **13** per 1sqm gross of the Additional Area, in addition to VAT and linkage differentials in accordance with the Basic Index within its meaning in the Lease Agreement [hereinafter: "**Management Fees for the Additional Area**"].

5.5. Rent for the Additional Area and the Management Fees for the Additional Area shall be paid in the beginning of each quarter and in a Banks' Clearing House (Masav) transfer by the form hereby enclosed as Appendix L of this Addendum.

5.6. For the avoidance of doubt, and without derogating from the aforesaid and/or the provisions set forth in the Lease Agreement regarding the Management Fees for all the areas leased to the Lessee, it is clarified that the Management Fees set forth in this Addendum [in respect of all the areas that are leased to the Lessee in accordance with the provisions set forth in the Lease Agreement and in accordance with the provisions set forth in this Addendum] are estimated and based on the estimate of the Lessor in accordance with the data that the Lessor holds as of the

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date of signing this Addendum however this shall not give rise to any representation regarding the Management Fees that the Lessee is obligated to pay and it is possible that the Management Fees that will be actually charged shall be higher and/or lower than the estimated Management Fees as aforesaid and the Lessee shall have no claim and/or demand and/or suit against the Lessor and/or the Management Company and/or anyone acting on their behalf on the condition that the Management Fees that the Lessee is obligated to pay shall not be greater than 5% of the Management Fees specified in the Lease Agreement and/or this Addendum with respect to the leased areas to the Lessee [as the case may be], except for circumstances of increase of the minimum wages in the market and/or the electricity costs and/or the linkage differentials to the index and in such circumstances as aforesaid the Lessor shall be entitled to increase the Management Fees that the Lessee will pay according to the effect of the increase of the said components on the management expenses [and without derogating from the manner of distributing the Management Fees among all the lessees in the Building in accordance with the provisions set forth in the Management Agreement].

5.7. The parties agree that upon expiration of the Term of Lease in the Additional Area and upon commencement of the Additional Term of Lease within its meaning above, the Rent with respect to the entire area of the Leased Premises paid by the Lessee shall be updated in accordance with the provisions set forth in this Addendum by an addition of approximately 3.5% of the relevant Rent with respect to each and every area in accordance with the provisions set forth in this Addendum.

6. **Provisions regarding the lease of additional areas**

6.1. The parties hereby agree that the Lessee is granted the right to lease an area of approximately 170sqm net with 15% load in respect of the Public Areas when the said area adjoins the Additional Area in the Alon Building, marked in brown in the blueprint hereby enclosed as Appendix A of the Agreement [hereinafter: "**Ancillary Area**"] for a period of 6 months that shall commence on July 23, 2017 and that shall expire on December 22, 2017 [hereinafter: "**Availability Period of the Area**"] in accordance with the following provisions:

6.1.1. To the extent that the during the Availability Period of the Area the Lessee notified the Lessor that it does not wish to lease the Ancillary Area [hereinafter: "**Lessee's Notice**"] or in the event the Lessee did not deliver to the Lessor any notice during the Availability Period of the Area regarding its wish to lease the Ancillary Area, in such circumstances, as of the date of the Lessee's Notice or as of expiration of the Availability Period

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of the Area, whichever is earlier, the right of the Lessee to lease the Ancillary Area shall expire and the Lessor may lease this area to any third-party and the Lessee shall have no claims and/or demands and/or suits in connection therewith.

6.1.2. To the extent that the Lessee notifies the Lessor during the Availability Period of the Area that it wishes to lease the Ancillary Area in such circumstances as aforesaid the Lessee shall receive possession in the Ancillary Area in 7 workdays as of the date of delivering the Lessee's Notice [hereinafter: "**Delivery Date of the Ancillary Area**"].

6.1.3. The parties agree that the Term of Lease in the Ancillary Area shall commence on the Delivery Date of the Ancillary Area and shall expire upon expiration of the Term of Lease of the Additional Area, i.e., on July 22, 2022 [hereinafter: "**Term of Lease of the Ancillary Area**"].

6.1.4. The parties agree that to the extent that the Lessee leases the Ancillary Area in accordance with the provisions set forth in this Section, the Ancillary Area shall be delivered to the Lessee in its condition "as-is" at the time of signing this Agreement and the Lessee hereby waives any claim and/or demand and/or suit against the Lessor in connection therewith, unless the Lessor was aware of a latent defect or failure and failed to disclose the said information to the Lessee, or a latent defect or failure that was detected during the performance of the Adjustment Works.

6.1.5. The parties further agree that the Adjustment Works in the Ancillary Area shall be performed by the Lessee and at its expense. The entire provisions set forth in this Addendum with respect to the Lessee's Works in the Additional Area shall also apply to the Ancillary Area, *mutatis mutandis*.

6.1.6. In addition, the parties agree that the other relevant provisions in the Lease Agreement and this Addendum shall apply to the Additional Area, *mutatis mutandis*. The Lessee shall incur payment of the Rent, Management Fees and the other payments in respect of the Ancillary Area in accordance with the provisions set forth in Section 6 above, during the entire Term of Lease of the Ancillary Area except for the Grace Period and the Additional Period as stated hereunder. It is emphasized that the provisions set forth in Section 5.2 above shall not apply to the Ancillary Area, however solely with respect to the Ancillary Area the Lessee shall be exempt from payment of Rent and Management Fees only for a period of 6 months as

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of the delivery of the Ancillary Area [hereinafter: "**Grace Period in the Ancillary Area**"]. After expiration of the Grace Period in the Ancillary Area the Lessee shall pay the full amount of the Rent in respect of the Ancillary Area.

6.1.7. After expiration of the Grace Period in the Ancillary Area, the Ancillary Area shall be delivered to the Lessee in return for Rent (in addition to any Rent and/or Management Fees specified in this Addendum) in the amount of NIS 20 per 1sqm (in connection with the Ancillary Area) for six months only, with the addition of municipal taxes for this area, that shall be paid directly to the Lessor (hereinafter: "**Additional Term**"). Notwithstanding the said, it is clarified that at any stage during the Additional Term the Lessor shall be entitled to receive offers from potential lessees and notify the Lessee regarding the evacuation of the Ancillary Area in 30 days at most, even prior to expiration of the Additional Term of six months. Nevertheless, during the Additional Term the Lessee shall have right of first refusal (i.e., the Lessee shall be entitled to keep for itself the Additional Area until expiration of the Additional Term, in return for payment of the full amount of the Rent, Management Fees and municipal taxes (and from this stage henceforth municipal taxes shall be paid directly to the municipality) in accordance with the provisions set forth in the Lease Agreement (*mutatis mutandis*) and as customary with respect to the other Leased Premises (and not for the price indicated in this paragraph above.

6.1.8. It is clarified that upon expiration of the Additional Term the Ancillary Area shall be returned to the Lessor unless 90 days at the latest prior to expiration of the Additional Term the Lessee delivered written notice to the Lessor and announced that it intended to add the Ancillary Area to the remaining parts of the Leased Premises within their meaning hereunder, and in such circumstances as aforesaid — the entire provisions set forth in this Addendum shall apply to this Ancillary Area, including the obligation to pay the Rent, Management Fees, municipal taxes and the like in accordance with the mechanisms set out in Section 6 hereunder (including sub-sections thereof) and according to the rates applicable to the remaining Additional Area as of expiration of the Additional Term henceforth.

6.1.9. It is clarified that to the extent that the Lessee leases the Ancillary Area in accordance with the provisions set forth in this Section, all adjustments that are necessary for the purpose of adding the Ancillary Area to the Additional Area and/or to any other area that the Lessee leases and/or will

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lease in the future, including, however not limited to, breaking of walls and/or removal and/or adjustment of walls, adjustment works in the corridors in the Ancillary Area and/or the Additional Area and/or in the corridors located outside the Ancillary Area and/or the Additional Area, installation of signage and any other work that is necessary for the purpose of adding the Ancillary Area to the areas that are leased and/or that will be leased to the Lessee in accordance with the provisions set forth in this Section shall be performed solely under the responsibility and at the expense of that Lessee. The entire provisions set forth in this Addendum with respect to the Lessee's Works in the Additional Area shall also apply to the works stated in this Section, *mutatis mutandis*.

7. **Insurance**

The Lessee undertakes to extend at its expense and to keep in effect during the entire Term of Lease in the Additional Area and the Ancillary Area [to the extent that the Lessee leases the Ancillary Area in accordance with the provisions set forth in Section 6 above] the insurance policies specified in the Lease Agreement and enclosed as Appendixes **G-1 to G-3** also with respect to the Additional Area and the Ancillary Area (to the extent that the Ancillary Area is held/leased by the Lessee) respectively, and to furnish to the Lessor the certificates of insurance in accordance with the provisions set forth in the Lease Agreement in such manner that they shall also apply to the Additional Area and the Ancillary Area (to the extent relevant) as of the relevant Delivery of Possession Date and as a condition thereof.

8. **Securities**

The Lessee undertakes to provide a bank guarantee in an amount that is equal to the Rent for the Additional Area and the Management Fees in the Additional Area for 3 months of lease in addition to VAT and linkage differentials to the Basic Index within its meaning in the Original Agreement, and in a total amount of **NIS 166,795** (in words: one hundred and sixty-six thousand and seven hundred and ninety-five new Israeli shekels)

[hereinafter: "**Guarantee for this Addendum**"]. It is agreed that a condition for the delivery of possession in the Additional Area is the provision of the additional guarantee to the Lessor in 20 business days as of the date of signing this Addendum. The provisions set forth in this Section shall also apply to the Ancillary Area, *mutatis mutandis*, to the extent that the Lessee leases the said area and as of this date henceforth. It is clarified and agreed between the parties that the additional guarantee that is provided in respect of this Addendum is provided solely in connection with this Addendum and the Lessor shall not be entitled to use this guarantee for the purpose of assuring the fulfillment of the undertakings of the Lessee in accordance with the Lease Agreement or the First Addendum of the Lease Agreement. It is further clarified that the guarantees that Lessor holds in respect of the Primary Lease Agreement may not be used as a security for the fulfillment of the undertakings of the Lessee

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as stated in this Addendum. Notwithstanding the said, at the time of signing this Agreement the Lessee shall deliver to the Lessor a security check on behalf of the Lessee that will be deposited with the Lessor until 17.8.2017 or until the date of furnishing the bank guarantee specified in this Section, whichever is earlier. In case the Lessee failed to provide the guarantee as aforesaid, on 17.8.2017 the Lessor shall be entitled to deposit and cash this check and as of this date henceforth the amount paid shall be used as a guarantee/security for this Agreement (including any relevant definition or reference in the Agreement). To the extent that the guarantee is not provided and the security check is cashed until the date specified in this sub-section, the Lessee shall be entitled to convert the security check to a bank guarantee as aforesaid on a later date.

9. **Using the area of the roof in the Alon Building and the development work north of the Building for the purpose of placing technical equipment in connection with the Additional Area**

9.1. The parties agree that a designated area shall be allocated in the roof of the Alon Building, as marked in the blueprint hereby enclosed as **Appendix C** of this Addendum, for the purpose of placing technical equipment [hereinafter: "**the Technical Equipment**"] and the Lessee shall place a generator in the yard of the Lessor, according to a location that will be determined later on (the estimated location shall be in the northern part of the Alon Building when the final location shall be determined with the consent and cooperation between the parties and after obtaining all the approvals of the professional entities on behalf of the parties to this Addendum and shall be marked accordingly in the blueprint) and that will be used by the Additional Area [hereinafter: "**Technical Equipment Area**"]. Prior to placing the technical equipment as aforesaid in the Technical Equipment Area the Lessee shall take measures to obtain all relevant approvals from the competent authorities [to the extent necessary] in accordance with the provisions set forth in any law and standard.

9.2. The Lessee undertakes to connect a sewage pump to the said generator in such manner that to the extent that there are disruptions in the supply of electricity and/or power outages in the electricity supplied to the Building where the Additional Area is located or to the Additional Area itself — the generator shall be used as backup for emergencies in such manner that will enable the discharge of sewage from the Additional Area.

9.3. Without derogating from the foregoing, the Lessee shall be entitled to place the technical equipment in the Technical Equipment Area subject to obtaining the approval of the Lessor and consultants thereof [including, however not limited to,

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the approval of a structure engineer, a safety consultant and any other consultant at the sole discretion of the Lessor] and for the purpose of obtaining such approval as aforesaid the Lessee undertakes to provide to the Lessor all particulars, plans, approvals and all the other documents that are required from the Lessor and its consultants in connection with the said equipment and its placement in the Technical Equipment Area in 7 days at the latest prior to placing the technical equipment as aforesaid.

9.4. For the avoidance of doubt, the Lessee, subject to and after obtaining the approval of the competent authorities and the Lessor and its consultants in connection with the technical equipment and its placement in the Technical Equipment Area as aforesaid, shall place the technical equipment in the Technical Equipment Area at its expense and under its sole responsibility. It is clarified that the Lessee shall be solely responsible for transporting the technical equipment and installing the technical equipment in the Technical Equipment Area and shall incur all costs associated therewith. For the avoidance of doubt, the Lessor shall not be held liable in any manner and shall not incur any costs in connection with the technical equipment and/or its placement and/or installation and/or operation and/or dismantling thereof and any other matter in connection therewith. It is clarified that to the best of knowledge of the Lessor the permitted load in the Building is 300kg per 1sqm. At the request of the Lessee and as a condition for the purpose of loading heavy machinery on the floor of the Building or the roof of the Building, the Lessor intends the conduct a loads test for the purpose of ascertaining this data. If it is found that the permitted load in the Building is lower than 300kg per 1sqm as declared by the Lessor in this Agreement, the Lessor shall perform all the strengthening works (whether temporary or permanent) and/or the required works at its expense and by manpower on its behalf so as to cause the Building to be in a condition that can withstand a load of 300kg per 1sqm. These works shall be completed on September 23, 2017 at the latest. If the strengthening works are necessary as aforesaid, these works shall be performed in full coordination with the Lessee and in a manner that will not cause a disruption to the works that the Lessee will perform in the Additional Area and subject to the instructions set forth by the supervisor on behalf of the Lessee. The Lessor shall be fully responsible for these works including for any damage caused to the Lessee as a result of and in connection with the strengthening works. In case the strengthening works are not completed on the date specified above, an additional period of 30 business days shall be granted for the purpose of performing and completing the said adjustments (hereinafter: "**Additional Period**") and the date for the fulfillment of the mutual and relevant undertakings of the parties in this Agreement — shall be delayed respectively. Notwithstanding the said, to the extent that even during the Additional

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Period the issue of the permitted loads in the Building was not settled as stated in this sub-section, in such circumstances as of the Additional Period the Lessor shall pay daily and agreed liquidated damages in an amount equal to 1.5 times of the amount of the daily Rent that the Lessee is obligated to incur in accordance with this Addendum for the Additional Area, and at the same time all the undertakings of the parties (including the undertaking of the Lessee to pay the Rent) — shall be delayed respectively. It is clarified that to the extent that any damage is caused to the Building [including, however not limited to, the roof of the Building, its systems, equipment and facilities installed therein and any other element of the Building] and/or to the Lessor and/or to other lessees and/or to any other third-party and it is proven

that the said damage was caused as a result of placement of the technical equipment in the Technical Equipment Area and/or its transportation to the Technical Equipment Area and/or its installation in the premises of the Technical Equipment Area and/or its dismantling and/or the operation of the technical equipment, the Lessee undertakes to incur any cost and repair any damage immediately upon receiving the first demand of the Lessor in connection therewith. It is clarified that if the Lessor receives any demand and/or suit as a result of the transportation and/or placement and/or operation and/or dismantling of the technical equipment and/or any other matter related to the technical equipment, the Lessee undertakes to settle the suit and/or the demand as aforesaid in 7 business days as of the date of receiving the demand of the Lessor. It is further clarified that to the extent that the Lessor incurs any payment and/or obligation and/or cost in connection with the technical equipment and anything deriving therefrom, provided that it first requested from the Lessee to settle the payment and the Lessee failed to act in the said manner, the Lessee shall indemnify the Lessor for any obligation incurred by the Lessor immediately upon receiving the first demand of the Lessor, and without derogating from any relief the Lessor may seek for the breach of the provisions set forth in this Addendum and/or by virtue of any law. The provisions set forth in this Section shall not derogate from the other sections regarding the liability of the Lessee (including with respect to observation of safety and hygiene instructions and assurance of the performance of all the relevant statutory provisions and the standards) in accordance with the provisions set forth in this Addendum, and these shall also apply to the technical equipment, *mutatis mutandis*.

9.5. It is clarified and agreed, and without derogating from the provisions set forth hereinabove and hereunder in connection with the technical equipment, that the Lessee shall solely incur all costs in connection with the operation of the technical equipment [including, however not limited to, direct operation costs and/or electricity and generator expenses and/or expenses for repairs and/or any other expense].

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10. **Additional adjustments**

10.1. The Lessor grant to the Lessee extraordinary permission to pass electricity cables only above one window in the western part of the Building where the Leased Premises are located, in the second floor above the Additional Area, as marked in the plan, **Appendix K** of this Agreement.

10.2. Prior to commencement of the performance of the Adjustment Works, the Lessee undertakes to deliver a report from a radiation consultant that will present data regarding the predictable radiation from the distribution board. Upon completion of the electricity works in the entire Additional Area the Lessee undertakes to deliver to the Lessor a report detailing the compliance of the radiation in the Additional Area and ground floor thereof with the law, by a report approved by a licensed and certified radiation consultant.

10.3. During the Term of Lease of the Additional Area the Lessor undertakes to supply to the Lessee electricity as required in accordance with the electricity plans submitted to the Lessee and that were approved according to the capacities specified thereat. For the purpose of the electricity feed the Lessor undertakes to pass cables according to the outline detailed in Appendix K enclosed with this Addendum. For the purpose of calculating the costs imposed on the Lessee, the parties shall make a relative calculation according to the length of the cable, and the Lessor shall incur the costs up to the northern pier and with an additional 15sqm, and from this point onwards the Lessee shall incur the remaining costs (including the costs of the pipe and the costs of performance of the works) that are necessary for the purpose of pulling the cable up to the main distribution board in the Additional Area, in accordance with the outline specified in Appendix K. The said cabling works shall be completed until October 30, 2017.

10.4. Separate electricity and water meters marked in purple in the blueprint hereby enclosed as **Appendix A** of this Addendum shall be installed in the toilet adjacent to the Additional Area and the Lessee shall be obligated to pay separate monthly bills in connection therewith, in addition to the Rent, Management Fees and the other current payments specified in this Addendum.

11. **Miscellaneous**

11.1. This Addendum constitutes an integral part of the Lease Agreement and all the relevant provisions in the Lease Agreement and that were not amended, modified

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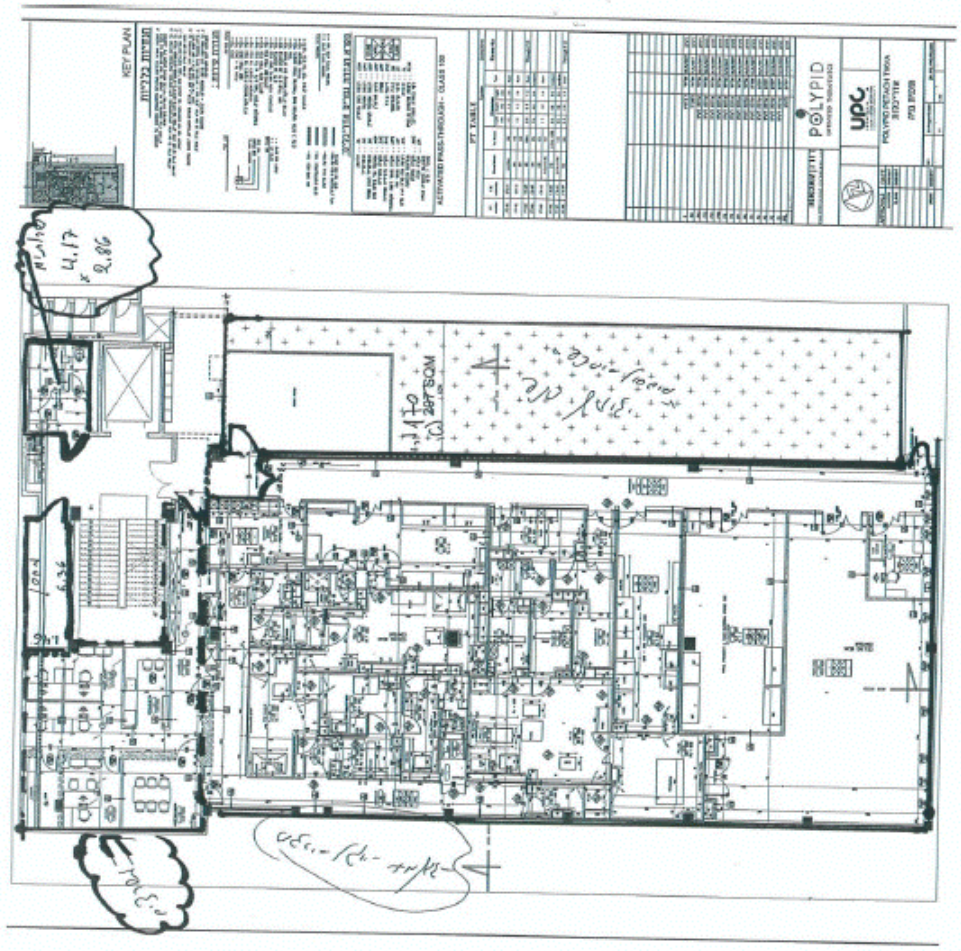
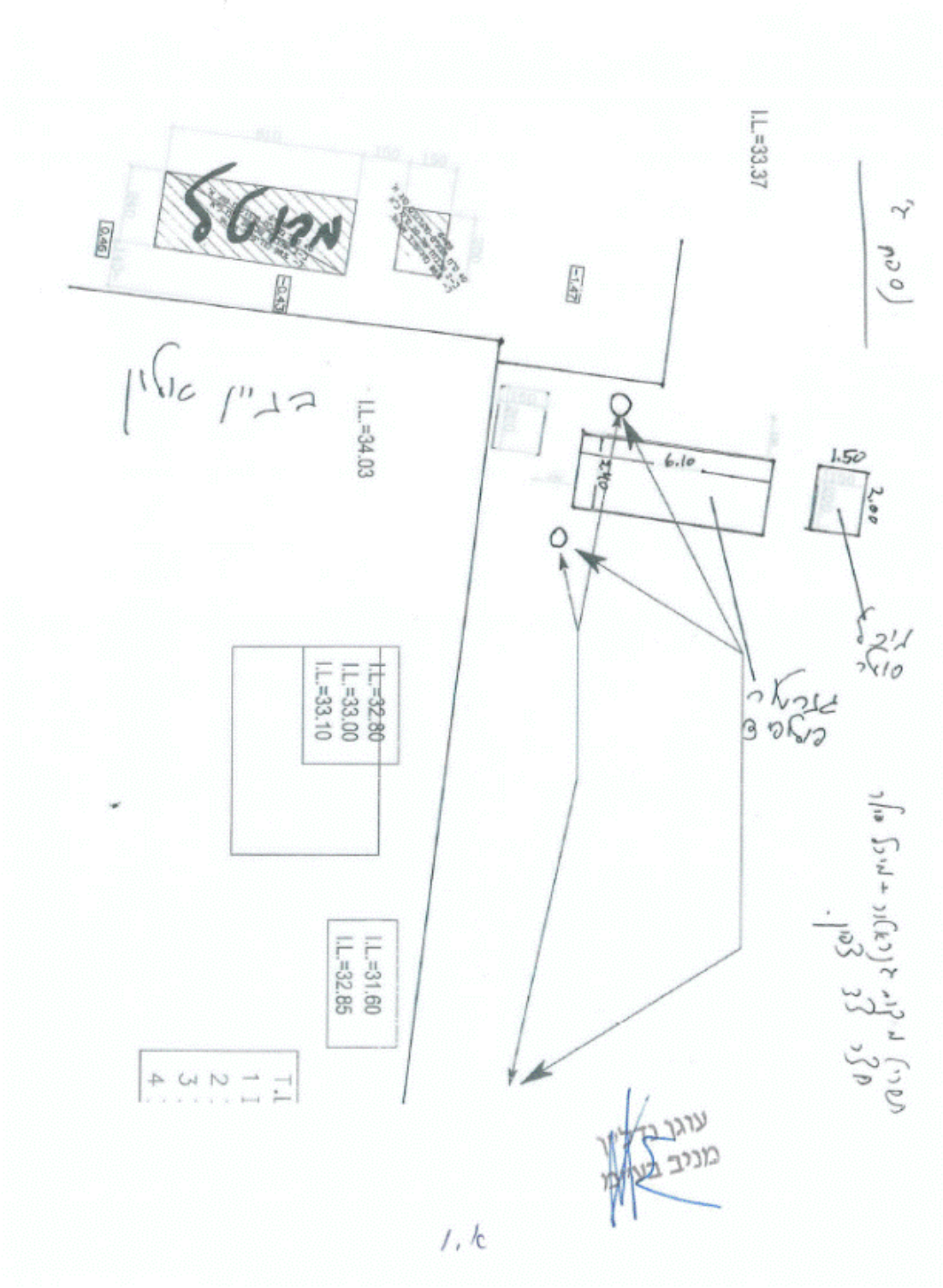
or added in this Addendum including: the area of the Leased Premises, the Term of Lease of the Additional Area and the Ancillary Area, the undertakings of the Lessee and the Lessor regarding the works in the Additional Area and the Ancillary Area, the securities and the entitlement to enforce the securities shall continue to apply the parties with respect to the lease of the Additional Area and the Ancillary Area, *mutatis mutandis* and as the case may be. In the event of discrepancy between the Primary Agreement (the Lease Agreement) and this Addendum, the provisions set forth in this Addendum shall take precedence.

11.2. For the avoidance of doubt it is clarified that the Lessee shall be solely responsible for obtaining all permits and/or approvals in connection with the operation of its business in the areas leased to the Lessee in accordance with this Addendum [including, however not limited to, in connection with a business license, certificates from the Fire and Rescue Services Authority, certificates from the municipality and any other certificate that instructions of use necessary in connection with operating its business in the Leased Premises] and without derogating from the other provisions set forth in the Lease Agreement in connection therewith.

And in witness hereof the parties are hereby undersigned:

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Lessor	**The Lessee**


KEY PLAN
POLYPID



Appendix D

Adjustment Works in the Additional Area

1. The Additional Area, as marked in the blueprint hereby enclosed as **Appendix A**, will be delivered to the Lessee on July 23, 2017 in its condition "as-is" at the time of signing this Addendum, and the Lessee shall raise no claims and/or demands and/or suits against the Lessor and/or anyone acting on its behalf in connection therewith, unless the Lessor was aware of a latent defect or failure and did not disclose any information to the Lessee in connection therewith, or a latent defect or failure that was detected during the performance of the works, including in connection with anything related to the performance of the Lessee's Works in the Additional Area, within their meaning hereunder, and in its condition as stated above.

2. The Lessor shall incur a one-time payment solely in connection with the construction expenses that the Lessee incurred in connection with the performance of the Adjustment Works in part of the Area of the Leased Premises (and only in the Office Area, within the meaning of this term in the Addendum) and within their meaning in this Addendum, and that shall be performed in accordance with and subject to the provisions set forth in this Addendum, for a total and one-time amount of **NIS 230,000** (in words: two hundred and thirty thousand new Israeli shekels) in addition to VAT (hereinafter: "**Adjustment Works Budget**") and, in addition to the said (and beyond the Grace Period specified in the Addendum itself) the Lessee shall be exempt from payment of the Rent solely in respect of the Additional Area for one month, and from payment of 50% only for the Management Fees for that month, solely in accordance with the conditions set forth hereunder, that will be filled **fully and cumulatively** by the Lessee:

2.1. 3 days prior to the payment date for the Adjustment Works Budget the Lessee shall provide to the Lessor proof evidencing **the actual** payment to the contractor on behalf of the Lessee in the Additional Area in the amount of NIS 4,000,000 for the performance of **the entire works** in the Additional Area (and not just for the performance of the Adjustment Works subject matter of the Adjustment Works Budget).

2.2. **A fundamental condition for the approval of the Adjustment Works Budget is evidence that was filmed by the Lessee and the Lessor together and approved by the Lessor regarding the actual performance of the works for which the Adjustment Works Budget will be paid in the Offices Area**.

3. It is clarified that the Adjustment Works Budget shall not include costs that the Lessee incurred for the purchase of equipment, inventories and furniture for the Additional Area,

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however expenses in respect of the construction expenses for the purpose of performing the Adjustment Works, including consultants and professionals solely in connection with the performance of the Adjustment Works, and for expenses that the Lessee incurred in respect of the purchase of fixtures and installation thereof in the Additional Area only, including fire extinguishing equipment, communication equipment and alarm systems that will remain in the area of the Additional Area upon expiration of the Term of Lease.

4. It is further clarified that any sum greater than the Adjustment Works Budget and that is necessary in connection with the performance of the Adjustment Works as stated above shall apply solely to the Lessee.

5. The Lessor shall pay the Adjustment Works Budget in one payment subject to the fulfillment of the conditions set out in Sections 2.1, 2.2 above and Section 6 hereunder (hereinafter: "**Payment Dates**") and in accordance with the terms set forth in the Adjustment Works Budget.

6. It is clarified that during the performance of the Adjustment Works and prior to the occupancy of the Additional Area, the Lessor shall be entitled to ensure with an engineer and/or any other qualified professional on its behalf that the Adjustment Works that were actually performed are in compliance with the principal plans that were approved by the Lessor and are in compliance with the provisions set forth in any law.

7. In addition, it is clarified that the Lessor's approval shall not impose on the Lessor any responsibility for the design and/or performance of the Lessee's Works and subject to the provisions set forth in Section 10.3 of the Lease Agreement.

8. Subject to the provisions set forth in the Addendum, the Lessee shall perform the Adjustment Works in the Leased Premises by contractors on its behalf (hereinafter: "**Lessee's Contractors**") and at its expense. During the performance of the works the Lessee undertakes to work with contractors with experience of more than 10 years in the construction sector and to use standard materials of the highest quality. For the purpose of performing the works the Lessee shall obtain the prior approval in principle of the Lessor and the prior approval of the Lessor's consultants for the purpose of the design of the works as stated in the Addendum (hereinafter: "**Professional Consultants**").

9. The Lessee undertakes that it and/or anyone acting on its behalf (including contractors and subcontractors that are employed in the performance of the Adjustment Works) shall apply all necessary precautions and safety measures (including, however not limited to — fencing and signage as required by law) for the purpose of preventing any loss, damage or injury to the body and/or the property of any person and/or entity in connection with the performance of the works as aforesaid in accordance with the provisions set forth in the law and the

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relevant safety standards and in accordance with the provisions set forth in the Addendum. Without derogating from the foregoing, the Lessee undertakes that it and/or anyone acting on its behalf shall apply proper precautions and shall observe the provisions set forth in any law in connection with the performance of the Adjustment Works.

10. The Lessee and the Lessee's Contractor undertake to follow any instruction of the Management Company regarding safety, including the immediate cessation of the works due to an immediate safety risk and/or any violation of the provisions set forth in the Undertaking of the Lessee's Contractor as stated hereunder.

11. The Lessee undertakes to remove any waste and trash without delay according to the circumstances of the case, and, to the extent required, to dispose this waste to relevant landfills at its expense.

12. For the avoidance of doubt, the Lessee is the sole safety and hygiene supervisor for all the works that are performed by the Lessee and by anyone acting on its behalf in the Additional Area and the Lessee shall incur all liabilities by law in connection therewith.

13. The Lessee shall take measures to erect temporary toilet structures, including electricity and water connections for the convenience of the Lessee and/or the Lessee's contractors and/or any other person acting on its behalf during the period of the Adjustment Works.

14. It is clarified that the Lessor and/or the Lessor's representative and/or the representative on behalf of the Management Company shall be entitled to enter the Leased Premises during the construction period following advance coordination with the supervisor in the site and at reasonable times, unless the circumstances require, due to nature or substance, a visit that cannot be coordinated in advance, and in such case the supervisor shall receive advance notice to the extent possible.

The Lessor shall follow in general the customary instructions in construction sites.

15. Shortly before the year of the contractor's warranty period expires (that will be counted as of the occupancy date of the Additional Area) or before expiration of the said period, the Lessor and the Lessee shall draw up a protocol of the defects and the Lessee undertakes to repair the said defects in 30 days (unless these are urgent repairs — that will be handled immediately).

16. It is agreed that during the period of performance of the Lessee's works a supervisor on behalf of the Lessor will work in the site and will oversee the performance of the works on behalf of the Lessee and anyone acting on its behalf in the Additional Area and shall be entitled to deliver the supervisor

on behalf of the Lessee any relevant instruction (and

especially regarding the compliance of the Lessee with the provisions set forth in the Addendum) regarding the performance of material deviations from the principal plans, however without derogating from and without imposing any liability on the Lessor and/or anyone acting on its behalf and without derogating and/or diminishing from the liability of the Lessee in any manner — and in this regard including, however not limited to, *inter alia*, the Lessee shall be responsible for any report and/or indictment that is served and for any fine imposed in connection with the aforesaid deviations against the Lessor and/or anyone acting on its behalf.

17. For the avoidance of doubt, it is clarified that no employer-employee relationship shall be maintained between the Lessor and the Lessee and/or the Lessee's contractors and/or anyone acting on their behalf and no relationship of agency shall be maintained between the parties. To the extent that a suit and/or a judgment and/or an arbitration award and/or any other binding decision that is in contradiction to the said in this Section is made — the Lessee shall be obligated to compensate and indemnify the Lessor promptly in connection therewith.

18. Upon completion of the works in the Leased Premises the Lessee shall deliver to the Lessor 3 sets of As-Made plans of the Additional Area, in all fields, in DWG, PDF files and in a hard copy as part of the facility manual.

And in witness hereof the parties are hereby undersigned:

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Lessor **Ogen Yielding Real Estate Ltd.**	**The Lessee**

List of plans submitted regarding Polypid, Phase B, Alon Building, and attached to the Agreement

Serial No.	Name of Plan	File sent to print	Last date in Table of Changes	Effective transfer date to Oghen	Engineering comments to plan / booklet	Comments
Architecture						
1	Construction plan	1~281-Polypid - PD-0009-1-50.pdf	25.5.17	11.7.17 13.7.17	Approved in principle	Matches the background of marketing chart approved on 12.7.17. Final update is possible during execution in light of mistakes in planning in the area of offices.
2	Floor plan	1~281-Polypid - PD-0013-1-50.pdf	28.5.17	13.7.17	Approved in principle	Does not match the background of 12.7.17 and the comments on construction plan. Final update is possible during execution.
3	Ceiling plan	1~281-Polypid - PD-0011-1-50.pdf	25.5.17	13.7.17	Approved in principle	Matches partially the background of marketing chart approved on 12.7.17. Final update is possible during execution.
4	Sections A-A and B-B	1~281-Polypid - PD-0012-1-50.pdf	28.5.17	13.7.17	Approved in principle	The air conditioning systems that are orientated toward east and north and that do not show the exit of the various systems to the outside air through the existing windows and not through holes in the walls or in the beams, were not yet embedded in the plans. Also, the subject of hanging the autoclaves was not mentioned yet. Final update is possible during execution.
5	Demolition plan	1~281-Polypid - PD-0034-1-50.pdf	28.5.17	13.7.17	Approved in principle	Does not match the background of 12.7.17 but it does not matter in this plan. Part of the demolition is not necessary according to the comments of the construction plan. Final update is possible during execution but it is not mandatory.
6	Carpentry lists	1~281-Polypid - PD-016-1-25.pdf	22.3.17	28.5.17	Approved	Irrelevant to Oghen after concluding the budget sum.
7	Locksmith's work lists	1~281-Polypid - PD-057-1-25.pdf	7.5.17	28.5.17	Approved	Irrelevant to Oghen after concluding the budget sum.
Piping						
8	Systems — deployment of use locations (water, compressed air, nitrogen)	1~PD-0028.pdf	6.4.17	28.5.17	Approved in principle	Does not match the background of drawing from 12.7.17. Final update is possible during execution.
9	Drainage system — piping route	1~PD-0029.pdf	4.5.17	Photography of plan given on 6.7.17	Approved in principle	Does not match the background of drawing from 12.7.17.To do changes according to Doron's handwritten comments. Final update is possible during execution.
10	Fire extinguishing, sprinklers system. New situation.	1~PD-0030.pdf	30.3.17	13.7.17	Approved in principle	Does not match the background of drawing from 12.7.17. Unapproved checking and drainage and checking location in the middle of the main lobby. It is necessary to complete the sprinklers installation in the area of the added warehouse. Final update is possible during execution.
11	Fire extinguishing, sprinklers system. Execution details.	1~PD-0031.pdf	30.3.17	28.5.17	Approved in principle	I have not found any reference in the plans or in the specifications to a connection of the different fire detection systems to the park alarms; maybe it is irrelevant to this plan details itself but it must be written somewhere and it must be under the responsibility of the renter's contractors.
12	Cold water supply piping route, water for laboratory and compressed air.	1~PD-0041.pdf	26.4.17	13.7.17	Approved in principle	Does not match the background of drawing from 12.7.17. A final supply location must be determined for water to the rented property, the camel location and the arrival route. It must be ensured that piping coming through passages are mounted in beams and / or bypass them from underneath

							— there is no reference to this in the plans. Final update is possible during execution.
13	Drainage system. Drainage piping in the north frontage.	1~PD-0042.pdf		21.5.17		13.7.17	Approved in principle	In the meeting of 6.7.17 it was concluded that the air piping will be from within the building — the plan of 13.7.17 does not show this update. The piping cover element for hiding it and for plaster / spray according to the building texture was taken off the plan/s; it must be restored or be mentioned in one of them. Final update is possible during execution.
14	Fire extinguishing.Existing situation.	1~PD-0060.pdf		30.3.17		13.7.17	Approved in principle	Does not match the background of drawing from 12.7.17. Final update is possible during execution.
Safety								
15	Fire safety plan	1~Approved Fire safety plan.pdf		27.6.17		28.6.17	Approved in principle	Does not match the background of drawing from 12.7.17. Does not include the overall floors reference and escape distances. Final update is possible during execution in cooperation with Rami Shaul.

Electricity							
16	Single line Polypid	1~2313B.pdf		10.5.17		13.7.17	Approved in principle	The power supply line will not be what is written in the plan but what the Oghen's electricity network planer has determined, according to engineering considerations, including radiation, the size of the connection according to Polypid's requirements. Final update can be done during execution. Note: Complete main electricity board plan and drain pump board must be completed.
17	Distribution panel B1 Room IT	1~2313B1-מחובר.pdf		10.5.17		28.5.17	Approved in principle	Irrelevant to Oghen after concluding the budget sum.
18	Distribution panel B2 offices	1~2313B2-מחובר.pdf		10.5.17		28.5.17	Approved in principle	Irrelevant to Oghen after concluding the budget sum.
19	Ducts and air conditioning plan	1~2313DC-06-C.pdf		19.6.17		13.7.17	Approved in principle	Does not match the background of 12.7.17. Comments regarding air conditioning used as background, will be discussed separately. Radiation protection was mentioned only partially; regarding the main electricity board, it is necessary to complete a report and a specification sheet and to update accordingly. Final update is possible during execution. Note: Regarding electricity ducts on the roof, there is no plan for it; it is necessary to do it or to expand the plan with an additional section.
20	Electricity plan	1~2313DE-09-E.pdf		19.6.17		13.7.17	Approved in principle	All comments regarding air conditioning ducts are relevant also here.
21	Lighting plan + …	1~2313DL-08-L.pdf		19.6.17		13.7.17	Approved in principle	As above.
22	Electricity ducts plan western frontage	1~2313DT-02-T pdf		20.6.17		13.7.17	Approved in principle	The new duct width and its position must include also an area for laying the main electricity cables coming from the roof to the rented property according to the conclusions of meeting of 6.7.17; the position will obstruct another window. All comments regarding air conditioning ducts are relevant also here.
Air conditioning								
23	Single line air treatment unit AHU-1	1~69-AC-1-rev1-AHU-1.pdf		24.4.17		13.7.17	Approved in principle	Assuming that air treatment unit position is approved and resolved from the engineering point of view, the interior plan is irrelevant to Oghen.
24	Single line air treatment unit AHU-2	1~69-AC-1-rev1-AHU-2.pdf		24.4.17		13.7.17	Approved in principle	As above.
25	Single line air treatment unit AHU-3	1~69-AC-1-rev1-AHU-3.pdf		24.4.17		13.7.17	Approved in principle	As above.
26	Air conditioning unit Equipment installation and ducts routing PD-0036	1~69-AC-2-rev2-AO.pdf		14.6.17		13.7.17	Approved in principle	Does not match the background of drawing of 12.7.17. We had approved on 6.7.17 a split-unit air conditioner for the communication room in the offices area — it was not included in the plan yet. Assuming that the air treatment unit position is approved and resolved from the engineering point of view, the interior plan is irrelevant to Oghen. Final update is possible during execution. All systems exit openings from the floor will be made only in the approved places (see separately) and in windows passages. The acoustic insulation must be executed according to noise prevention standards. The offices plan must be connected to Polypid systems as agreed in the meeting of 6.7.17. Final update is possible during execution.

27	Ceiling air conditioning unit and grills PD-0037	1~69-AC-2-rev2-cleanroom.pdf		14.6.17	Photography of plan given on 6.7.17	Approved in principle	Does not match the background of drawing of 12.7.17. Repairs must be made according to Doron's handwritten

						comments. The building is not equipped with public air and smoke exhaust systems of various types and this will be handled by Polypid as agreed in the meeting. The offices plan must be connected to Polypid systems as agreed in the meeting of 6.7.17. The air treatment unit position, which will be different, probably, has been discussed separately. Final update is possible during execution.
28	Roof air conditioning plan	1~69-AC-4-revr-roof.pdf	27.4.17	13.7.17	Approved	Final position will be determined according to the Structural Engineer examination, static calculations, beams position and approval of the allowed weights. Details of piping and cables laying (water and electricity) in the roof are to be approved by the park so that it will not impair the sealing and its ongoing maintenance. The air emission in the roof must receive approvals that it does not require filtering. There are no air emission details for 2 m. and required direction. Approvals for acoustics and vibrations are needed. Final update is possible during execution.
Structure						
29	Ramp plan for chillers in the building roof	1~pl-bama-2538-K-1.pdf	19.4.17	18.6.17	Approved in principle	Final position and manner of load distribution to be determined according to the Structural Engineer examination, including static calculations, beams position and approval of the allowed weights. There is an approval in principle for concrete and roof sealing works, but according to details to be approved later. Final update is possible during execution.
30	Plan for positioning the autoclave	1~ pl-autoclub-2538-K-2.pdf	6.7.17	13.7.17	Approved in principle	Static calculations must be completed first. No objection in general. It is possible that the works can be simplified after receiving the allowed weights report. Final update is possible during execution.
31	Plan for positioning air treatment unit lines in the floor	1~ pl-yeta-2538-K-3.pdf	19.4.17	18.6.17	Approved in principle	Final position and manner of load distribution to be determined according to the Structural Engineer examination, including static calculations, beams position and approval of the allowed weights. There is an approval in principle for concrete works, but according to details to be approved later. Final update is possible during execution.
32	Master plan for generator and diesel oil tank positioning	1~ pl-generator-2538-K-4.pdf	19.4.17	18.6.17	Approved in principle	The approval in principle is for positioning the generator and the tank only within the park development area. The location stated in the plan is not approved and it is necessary to comply with the positions according to the drawing approved on 12 6.7.17 and in coordination with the park. Erection details and foundations must be designed once again. Final update is possible during execution.
Specifications						
33	Erecting new plant in Petakh Tikva (architecture)	1~281-POLYPID-ARCHITECTURE_SPEC.pdf	15.5.17	28.5.17	Approved in principle	Irrelevant to Oghen after concluding the budget sum. All works are under the responsibility of the various Polypid contractors. Additional comments will be made according to the response to the above mentioned plans. The agreement requirements regarding facility files, works, coordination and the rest of the agreement provisions related to Oghen, override contradicting directives, if any, in this specification sheet.
34	Furniture works specifications	1~מפרט_עבודות_ריהוט_-_פוליפוד.pdf	22.5.17	28.5.17	Approved in principle	As above.
35	Special technical specification for gas systems, plumbing fire extinguishing	1~מפרט_טכני_מערכות_אינסטלציה_מים_וכיבוי_אש.pdf	April 17	28.5.17	Approved in principle	As above.
36	Special specifications for electricity and lighting works	1~ מפרט_טכני_חשמל .pdf	May 17	28.5.17	Approved in principle	As above.
37	Air conditioning system technical specifications	1~69-HVAC_spec_and_equipment_data-revolution_1 .pdf	April 17	28.5.17	Approved in principle	As above.

Rented property facility file status “ “ 18 Hasivim Str., Petakh Tikva as of . .17

Subjects		Status	Comments
a.	Plans		
1.	Architecture	Approved AS MADE designs.	
2.	Electricity	Approved AS MADE designs.	
3.	Sewage and drainage	Approved AS MADE designs.	
4.	Sprinklers	Approved AS MADE designs.	
5.	Air conditioning	Approved AS MADE designs.	
6.	Safety	Fire Department approved AS MADE designs.	
b.	Designers approvals / statements		

1.	Safety	Populating approval
2.	Architecture	Certification that the design was carried out in accordance with the Planning and Building Law
3.	Electricity	Certification that the design was carried out in accordance with the Electricity Law — 1954 (with the ulterior amendments and updates).
4.		Certification that the emergency light system was designed in accordance with the Israeli Law
5.		Certification that the public address system was designed in accordance with the law requirements.
6.		Certification that the electricity boards were designed in accordance with standard 61439-2.
7.	Air conditioning	Certification regarding compliance of design with IS 1001.
8.	Plumbing	Designer approval that the water supply system for fire extinguishing was carried out properly, according to plan.
9.	Non-ionizing radiation	Radiation consultant approval.
10.	Accessibility	Accessibility consultant approval.

c. Laboratory certification and contractor statements

1.	Fire Department certification	Confirmation of business license issuance, or confirmation of connection to electricity grid, or confirmation regarding fire prevention.
2.	Integration	Confirmation from an accredited laboratory regarding compliance with standard 536.
3.	Electricity inspector	Confirmation from a qualified electricity inspector regarding examination of facility and its electricity boards and that connection to the electricity grid is allowed.
4.		Photocopy of the qualified inspector license
5.	Sprinklers	Confirmation from an accredited laboratory regarding compliance with IS 1596 of year 2012. Executing contractor statement that he has carried out the work according to standard.
6.	Fire detection	Confirmation from an accredited laboratory regarding compliance with IS 1220 Part 3. Executing contractor statement that he has carried out the work according to standard. Executing contractor statement regarding workers training in use of fire and smoke detection equipment in accordance with IS 1220 Part 11.
7.	Electricity boards	Electricity boards manufacturer statement that the boards were manufactured in accordance with standard 61439-2.
8.	Materials durability	Compliance with standard 755 and / or 921 and / or 931 (according to case).
9.	Air conditioning and ventilation	Confirmation from an accredited laboratory regarding compliance with IS 1001 Part 1. Executing contractor statement regarding execution of air conditioning works in accordance with the consultant plans.
10.	Fire doors	Confirmation from an accredited laboratory regarding compliance with IS 1212 Part 4 (doors installation).
11.		Confirmation from an accredited laboratory regarding compliance with IS 1212 Part 1 (doors standard).
12.		Doors supplier statement that the doors supplied comply to standard, were supplied and were installed in place.
13.	Smoke blowers	Israel Institute of Standards certification regarding their compliance with IS 1001 Part 7. Confirmation from air conditioning consultant regarding blower model approved for installation. Executing contractor statement regarding installation of blowers approved by the Israel Institute of Standards that they comply with standard and that it was done according to the consultant requirements.

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14.	Dampers	Israel Institute of Standards certification regarding their compliance with IS 1001 Part 3. Confirmation from air conditioning consultant regarding blower model approved for installation. Executing contractor statement regarding installation of blowers approved by the Israel Institute of Standards that they comply with standard and that it was done according to the consultant requirements.
15.	Fire extinguishing by gas	If there is such a system, it is necessary to obtain certification from an accredited laboratory regarding compliance with IS 1597 or NFPA 2001.
16.	Fire passages	If made, it is necessary to obtain the performing contractor statement regarding materials and sealing works executed and their proper working order.
17.	Fire walls	If made, it is necessary to obtain the executing contractor statement. Laboratory test for the approved fire wall system regarding 120 minutes resistance (Orbond per 118 minutes — with the consultant's prior approval)
18.	Public address system	If executed, it is necessary to obtain a qualified technician statement that it is in proper working order and that it is backed-up for operation during electricity outage.
19.	Network characteristics	Only if required.
20.	Fire extinguishing stations	If new stations are installed or there are stations belonging to the rented property, it is necessary to obtain a statement from the company. The fire extinguishers were checked according to standard 129 and found in working order. Fire hose rollers were checked according to standard 2206 and found in working order. Fire hoses were checked according to standard 365 and found in working order. The spouts were checked according to standard and found in working order. The fire hydrants were checked according to standard 448 and found in working order. All equipment is maintained, installed, and marked according to the Fire Department requirements.

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21.	Electrician statement	Statement that the work has been executed in accordance with the Electricity Law — 1954 (including ulterior amendments and updates).
22.		Statement that the emergency lighting system has been installed in accordance with standard and that it supplies 10 Lux.
23.	Non-ionizing radiation	Certification of compliance with radiation requirements if there are electricity boards supplying at least 100 A or in case of …
24.	Delivery protocol	Delivery protocol to renter.
25.	Technical materials and preventive maintenance	Plumbing — Delivery of warranty certificates, equipment details (detailed catalogues), technical description of operation and maintenance in particular. Electricity - Delivery of warranty certificates, equipment details (detailed catalogues), technical description of operation and maintenance in particular.

		Paving / tiling and cladding — List of finishing materials supplied, hues, catalogue numbers, and standard certificates. Air conditioning - Delivery of warranty certificates, equipment details (detailed catalogues), technical description of operation and maintenance in particular. Gypsum and ceilings — Certificate for standard for gypsum items, the cement boards, the acoustic ceiling elements. Sprinklers and hydrants - Delivery of warranty certificates, equip details (detailed catalogues), technical description. Fire detection - Delivery of warranty certificates, equipment details (detailed catalogues), technical description of operation and maintenance in particular.
26.	False ceilings	Accredited laboratory test for the installation of false ceilings in accordance with IS 5103 Parts 3 and 1.
27.	Contact information	Contact information of all designers working for the project.
28.		Contact information of all contractors, sub-contractors and suppliers taking part in the project.
29.	Workers training	Confirmation from the employer that the workers employed by him are familiar with the operation of the fire extinguisher and the hose roller.

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Legend:

Existent — The document itself exists or there is a similar confirmation serving as equivalent.

Under examination — An equivalent document has been submitted and it was not approved yet by the Fire Department.

Absent — The document is required but it does not exist, and it has to be obtained.

No document - The document is required but it does not exist, and it does not have to be obtained (it is necessary to add an explanation in the comments column).

Irrelevant — The system to be checked does not exist in the rented property.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Initial Signatures]

Appendix G1

Insurance Appendix

(1) Insurance

(1.1) Without derogating from the liability of the Lessee in accordance with the provisions set forth in this Agreement and/or in accordance with the provisions set forth in any law, prior to the commencement date of the Lessee's works in the Leased Premises, to the extent that the said works the performed, the Lessee undertakes to take out and maintain, whether by itself and whether by a contractor on its behalf, a contractor insurance in the name of the Lessee, contractors and subcontractors, the Lessor and the Management Company, as stated in the Certificate of Insurance enclosed with this Agreement and constituting an integral part thereof and marked as **Appendix B2** (hereinafter: "**Certificate of Insurance for the Lessee's Works**").

Notwithstanding the aforesaid, the Lessee shall be entitled not to take out contractor insurance as aforesaid for works in the Leased Premises whose value is not greater than NIS 250,000, provided that the Lessee furnishes the Lessee's Certificate of Insurance that states that the insurances includes coverage for the works that are performed in the Leased Premises.

(1.2) The Lessee undertakes to furnish to the Leased Premises, no later than the commencement date of the works in the Leased Premises, to the extent that such works are performed, the Certificate of Insurance for the Lessee's Works signed by its insurer. The Lessee declares that it is aware that furnishing the Certificate of Insurance for the Lessee's Works as aforesaid is a condition precedent and a prerequisite for the performance of works in the Leased Premises, and the Lessee shall be entitled to prevent from the Lessee to perform works in the Leased Premises in case the said certificate was not furnished prior to the commencement date of the works.

(1.3) The liability limits in the third-party liability insurance that is taken out by the Lessee as stated in Section (2) of the Certificate of Insurance for the Lessee's Works (Appendix **E2**) is in the amount of USD 1,000 multiplied by the Area of the Leased Premises, a minimum of USD 500 and a maximum of USD 1M per event and cumulatively for the insurance term;

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the provisions set forth above shall apply subject to the provisions set forth in Section (1.18) hereunder.

(1.4) Without derogating from the liability of the Lessee in accordance with the provisions set forth in this Agreement and/or in accordance with the provisions set forth in any law, during the term of this Agreement the Lessee undertakes to take out and maintain the insurances specified in the Lessee's Certificate of Insurance hereby enclosed with this Agreement and constituting an integral part thereof and marked as **Appendix E3** (hereinafter: "**Lessee's Certificate of Insurance**") with a legally licensed and reputable insurance company (hereinafter: "**Lessee's Insurances**"). It is clarified that the provisions set forth in Section (1.9) hereunder shall apply to this Section.

(1.5) No later than the date of opening the Lessee's business in the Leased Premises, or before the date of entry of any property to the Leased Premises (except for property that is listed in the works insured under Section (1.1) above) — whichever is earlier - the Lessee undertakes to furnish to Lessor the Lessee's Certificate of Insurance as aforesaid, signed by its insurer. The Lessee declares that it is aware that furnishing and/or updating the Lessee's Certificate of Insurance is a condition precedent and a prerequisite for opening the business of the Lessee in the Leased Premises and/or for the entry of any property of the Leased Premises (except for property listed in the works that are insured under Section (1.1) above) and the Lessor shall be entitled to prevent from the Lessee to open its business in the Leased Premises and/or bring any property as aforesaid in the event the certificate was not furnished prior to the date specified above.

(1.6) The liability limits in a third-party liability insurance taken out by the Lessee as stated in Section (2) of the Lessee's Certificate of Insurance (**Appendix E3**) are in the amount of USD 3,500 multiplied by the Area of the Leased Premises, a minimum of USD 250,000 and a maximum of USD 5,000,000 per event and cumulatively for not insurance term; the provisions set forth above shall be subject to the provisions set forth in Section (1.18) hereunder).

(1.7) It is agreed that the Lessee may not take out property and/or consequential loss insurance in whole or in part, as stated in Section (1) and (4) of the Lessee's Certificate of Insurance (**Appendix G3**) however the said in Section (1.11) hereunder shall apply to damage to property and/or any loss

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of income as aforesaid as of the insurance in respect whereof was fully arranged.

(1.8) It is agreed that the Lessee may not take out glass breakage insurance as required in Section (1) of the Lessee's Certificate of Insurance (**Appendix G3**) however the said in Section (1.11) hereunder shall apply with respect to any loss or damage caused by glass breakage as if the insurance in respect whereof was fully arranged.

(1.9) **If the Lessee deems** that it is necessary to take out an additional and/or supplemental insurance in addition to the Lessee's insurances as stated above, the Lessee undertakes that a clause regarding waiver of the right of subrogation as stated in Section 1 of Appendix G3 shall be incorporated in each additional or supplemental insurance of the Lessee's insurances as aforesaid, made in favor of the Lessor and the Management Company and anyone acting on their behalf, however the said waiver of the right of subrogation shall not apply in favor of a person who caused malicious damage.

(1.10) The Lessee undertakes to update the sums insured in respect of the insurances that are arranged under Sections (1) and (4) of the Lessee's Certificate of Insurance (**Appendix B3**) periodically, in such manner that they will always reflect the full value of the subject matter of their insurance.

(1.11) The Lessee declares that it shall not raise any claim and/or demand and/or suit against the Lessor, the Management Company and anyone acting on their behalf and against the other right holders in the Project whose lease agreements or any other agreement that grants them rights in the Project includes a corresponding exemption vis-à-vis the Lessee in respect of damage for which the Lessee is entitled to indemnity in respect whereof (or for which it was entitled to indemnity but for the policyholder's contribution set out in the policy) in accordance with the insurances that are arranged under Section (1) of the Certificate of Insurance for the Lessee's Works (**Appendix G2**) and Sections (1) and (4) of the Lessee's Certificate of Insurance (**Appendix G3**) and the Lessee hereby exempts the said entities from any liability for which the Lessee is entitled to indemnity as aforesaid, provided that the exemption from liability shall not apply to any person who causes malicious damage.

(1.12) For the avoidance of doubt, it is clarified that failure to furnish the Certificate of Insurance on time as stated in Sections (1.2) and (1.5) above

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shall not affect the undertaking of the Lessee in accordance with this Agreement including, and without derogating from the generality of the aforesaid, any payment duty applicable to the Lessee. The Lessee undertakes to uphold all its undertakings in accordance with the Agreement even if it is denied from performing the works and/or receiving possession in the Leased Premises and/or bringing property to the Leased Premises and/or opening its business in the Leased Premises due to failure to furnish the certificates on time.

(1.13) On the expiration date of the Lessee's insurances the Lessee undertakes to deposit with the Lessor the Certificate of Insurance as stated in Section (1.5) above in respect of the extension of their effect for an additional period. The Lessee undertakes to repeat and deposit the Certificate of Insurance on the said dates upon expiration of each insurance term and as long as this Agreement is in effect.

(1.14) The Lessor shall be entitled to inspect the Certificates of Insurance that are furnished by the Lessee as stated in Sections (1.2), (1.5) (1.13) above, and the Lessee undertakes to perform any modification or amendment that is necessary for the purpose of making the Certificates of Insurance compliant with the undertakings of the Lessee as stated in this Section (1). The Lessee declares that the right of inspection of the Lessor with respect to the Certificates of Insurance and its right to instruct the amendment of the Lessee's insurances as stated above shall not impose on the Lessor or anyone acting on its behalf any obligation and any liability in connection with the Certificates of Insurance as aforesaid including their standard, scope and effect or lack thereof, and shall not derogate from any liability imposed on the Lessee in accordance with this Agreement.

The Lessee undertakes to fulfill the conditions set forth in the insurance policies the Lessee takes out, make full and timely payment of the insurance premiums and assure that the Lessee's insurances are extended periodically as may be required and are in effect during the entire Term of Lease.

(1.15) The Lessee undertakes to observe the safety procedures that are published periodically by the Lessor and/or the Management Company and undertakes not to use and/or permit knowingly any act or omission in the Leased Premises and/or the Project that might cause an explosion and/or a fire and/or that might risk human lives or the Project. The Lessee undertakes that if the Lessor and/or the Management Company are obligated to pay

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additional insurance premiums beyond customary due to the activities of the Lessee that deviate materially from the Purpose of Lease, the Lessee shall pay to the Lessor and/or the Management Company, as the case may be, the said addition, immediately upon receiving their first demand.

(1.16) For the avoidance of doubt, it is hereby agreed that setting the liability limits as stated in Sections (1.3) and (1.6) above is a minimal requirement imposed on the Lessee. The Lessee declares and affirms that it shall be precluded from raising any claim and/or demand against the Lessor and/or the Management Company and/or anyone acting on their behalf regarding the minimal liability limits as aforesaid.

(1.17) The Lessor undertakes to take out and maintain, whether by itself and whether by the Management Company, and during the Term of Agreement, the insurances specified in this Section hereunder (hereinafter: "**Project Insurances**") with a legally licensed and reputable insurance company:

(1.17.1) Dwelling insurance for the Project (including the Leased Premises) including all fixtures and systems thereof and any other property of the Lessor and/or the Management Company located in the Project and ground floor thereof in full replacement value, against loss or damage due to the customary risks in extended fire insurance. the said insurance shall include a clause regarding waiver of the right of subrogation vis-à-vis the Lessee and anyone acting on its behalf, provided that the said regarding waiver of the right of subrogation shall not apply in favor of a person who caused malicious damage. It is agreed expressly that for the purpose of this Section the term "Project Structure" shall not include the contents of the lease premises and shall not include any addition, improvement or extension implemented in the Leased Premises by and/or for the Lessees (not by the Lessor and/or the Management Company).

(1.17.2) Third-party liability insurance providing insurance coverage for the statutory liability of the Lessor and the Management Company for injury or damage to the body and/or property of any person and/or entity, in a liability limit of $5,000,000 (five million U.S. dollars) per event and cumulatively for the insurance term. The insurance will be extended to indemnify the Lessee for its liability for the acts and/or omissions of the Lessor and/or the Management Company and/or anyone acting on their behalf subject to cross-

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liability clause stipulating that the insurance shall be deemed to have been arranged separately for each of the members of the insured.

(1.17.3) Employers' liability insurance providing insurance coverage for the liability of the Lessor and the Management Company towards their workers for injury caused in the course of and following their employment by the Lessor and/or the Management Company and/or anyone acting on their behalf in a liability limit of $5,000,000 per claimant, per event and cumulatively during the insurance term. The insurance is extended to indemnify the Lessee in case the Lessee is considered the employer of any of the workers of the Lessor and/or the Management Company.

(1.17.4) Loss of Rent, Management Fees and parking fees insurance (to the extent that there are any) due to damage caused to the structure of the Project and/or the insured property as stated in Section 1.19.1 above, due to the risks detailed in Section 1.19.1 above, for

an indemnity period of 12 months. The said insurance shall include an express clause regarding waiver of the right of subrogation towards the Lessee and anyone acting on its behalf provided that the said regarding waiver of the right of subrogation shall not apply in favor of a person who caused malicious damage.

Notwithstanding the aforesaid, it is hereby agreed that the Lessor and/or the Management Company shall be entitled not to take out the insurance specified in this sub-section 1.19.4 above, in whole or in part, provided that the said exemption as stated in Section 1.20 hereunder shall apply as if the insurance was fully arranged.

It is hereby agreed expressly that the arrangement of the insurances specified above shall not add to the liability of the Lessor and/or the Management Company beyond the provisions set forth in the Lease Agreement and/or the Management Agreement and/or derogate from the liability of the Lessee in accordance with the said agreement (except for the provisions set forth in Section 1.20 hereunder).

(1.18) The Lessor declares, in its name and in the name of the Management Company, that they shall raise no claims and/or demands and/or suits against the Lessee and anyone acting on its behalf in respect of damage for which they are entitled to indemnity (or for which they were entitled to indemnity but for the policyholder's contribution set out in the policy) in accordance with the insurances they take out as stated in Sections (1.19.1)

and (1.19.4) above, and they hereby exempt the Lessee and anyone acting on its behalf from any liability for such damage as aforesaid. The provisions set forth above regarding exemption from liability shall not apply to any person who causes malicious damage.

Notwithstanding the aforesaid, in case an insured event that is insured under Sections 1.17.1 and **1.17.2** was caused in circumstances for which the Lessee is held liable in accordance with this Agreement and/or in accordance with the provisions set forth in any law, the Lessee shall incur the amount of the damage that was caused up to the amount of the deductible amounts in accordance with the said policies, provided that the said sum for each insured event shall not be greater than NIS 75,000.

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]	[Signature and Stamp: PolyPid Ltd.]
The Lessor	**The Lessee**

Appendix G2

Certificate of Insurance for the Lessee's Works

Date: *18.7.2017*

To

Ogen Yielding Real Estate Ltd. (hereinafter: "the Lessor")

3 Har Sinai St.

Tel Aviv

Dear Sir/Madam,

Re: **Certificate of Insurance regarding an agreement dated _____ (hereinafter: "the Agreement") between you and *PolyPid Ltd.* (hereinafter: "the Lessee") for the lease of property in Ogen Park in Petah Tikva (hereinafter respectively: "the Leased Premises" and "the Project")**

We hereby respectfully confirm that as of *16.7.2017* and until *31.7.2018* (hereinafter: "**Insurance Term**") our company took out contractor insurance in the name of the Lessee, contractors and subcontractors, the Lessor and the Management Company, providing insurance coverage for the works that are implemented by the Lessee and/or anyone acting on its behalf as stated hereunder, when the scope of coverage granted under the said insurance is in accordance with the "Bit" insurance policy *2016 as stated in Policy No. 762336832*

1. Chapter 1 — all-risk insurance providing insurance coverage for loss or damage caused to the Lessee's works in full value and loss or damage caused to the equipment used for the purpose of performing the said works (and that constitutes an integral part of the works). This chapter includes a clause regarding waiver of the right of subrogation vis-à-vis the Lessor and/or the Management Company and anyone acting on their behalf and towards the other right holders in the Project on the condition that the insurance of the other right holders in the project including a corresponding clause regarding waiver of the right of subrogation towards the Lessee, provided that the said regarding waiver of the right of subrogation shall not apply to any person who causes malicious damage.

   The chapter includes an extension regarding property being worked upon and/or surrounding property in a liability limit of NIS 200,000.

2. Chapter 2 — third-party liability insurance in a liability limit as stated hereunder. The said chapter includes a cross-liability clause stipulating that the insurance shall be deemed to have been arranged separately for each of the members of the insured. The liability limit is in the amount of NIS *10,000,000* per event and cumulatively for the Insurance Term.

   The said chapter shall not include any limitation regarding the following issues:

   A. Claims of subrogation by the National Insurance Institute.

   B. Bodily harm deriving from the use of heavy equipment that is a motorized vehicle whose compulsory insurance is not mandatory *up to the amount of NIS 4,000,000*.

3. Chapter 3 — employers' liability insurance for the liability towards workers employed in the performance of the works and in a liability limit of NIS 20,000,000 per claimant, per event and cumulatively for an annual insurance term. This insurance does not include any limitation regarding works in height and in depth, hours of work, baits and poisons, contractors, subcontractors and their workers and youth employment.

The insurance specified above includes an express condition stipulating that it is a primary insurance and precedes any insurance that was taken out by the Lessor and/or the Management Company and we waive any claim and/or demand regarding participation of the insurances of the Lessor and/or the Management Company. In addition, we undertake that the said insurance shall not be diminished or terminated during the insurance term unless the Lessor receives a 30 days' prior and written notice in registered mail. We further confirm that the Lessee shall be solely responsible for payment of the insurance premiums and the deductible amounts for the insurance as stated above.

Subject to the terms and exclusions specified in the original policies to the extent that they were not expressly modified in accordance with the provisions set forth hereinabove.

signed	[Clal Insurance Co. Ltd.]	[Signed]
(Signature of Insurer) (Position of Signatory)	(Signature of Insurer)	(Name of Signatory)

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Initial Signatures]

[Stamp: the insurance policies including the liability limits specified in this Certificate apply to all the activities of the entities detailed in the policies including, *inter alia*, the activity subject matter of the Certificate. The Certificate is issued subject to the terms set forth in the Policy to the extent that these were not modified therein]

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Initial Signatures]

Appendix H

Undertaking of the operating contractor on behalf of the Lessee

1. The Contractor hereby declares that it is familiar and it is aware of all the provisions set forth in the law and/or any regulation and/or standard and/or bylaw that were legislated by any competent authority by law and that relate to and/or are related to the performance of the work, including safety at work and in the work site, and it hereby undertakes to perform the work in strict and full compliance with these provisions.

2. The Contractor hereby declares that he visited in the site shortly before commencement of the works and inspected the site and the conditions therein and all details that are or that might be relevant to the performance of the work and found them fit for the purpose of performing the work.

3. The Contractor hereby declares that it is familiar with the methods and manners of performance of the work.

4. The Contractor declares that it is aware that different lessees occupy and/or will occupy the Building and the Project and it undertakes to perform all the works while causing minimal disturbance as possible to the activities of the Lessees in the Project and while preventing noise, waste and dust nuisance and the like. In addition, the Contractor undertakes to perform the works that cause excess noise only from 17:00 and until 08:00 on Sun. — Thurs. and on Friday until 13:00 and subject to the provisions set forth in any law.

5. The Contractor undertakes to perform the works in compliance with the principal plans that were delivered to the Contractor by the Lessee (and that were approved by the Lessor and subject to deviations therein) and in accordance with the provisions set forth in any law (including any standard).

6. The Contractor shall take out for itself, its workers and any third-party insurance against all the risks associated with the said undertakings and during the entire period of performance of the work for the sums insured as stated in the Insurance Appendix enclosed with the Agreement made between the Contractor and the Lessee.

7. **Cleaning**

   The Contractor shall be responsible solely for the cleaning in the area of the works and the nearby area during the entire period of the work. The Contractor shall clean and remove the waste and materials from the site to an authorized site. In case the

Contractor fails to act in the said manner after receiving a 3 days' prior notice, the Lessor shall be entitled to dispose the waste and demand the disposal costs.

Guarding

The Contractor shall be responsible for all the equipment and materials belonging to the Contractor in the site. The Management Company of the Building shall protect the site however shall not be held liable for theft, damages etc. that might be caused to the Contractor's equipment and materials.

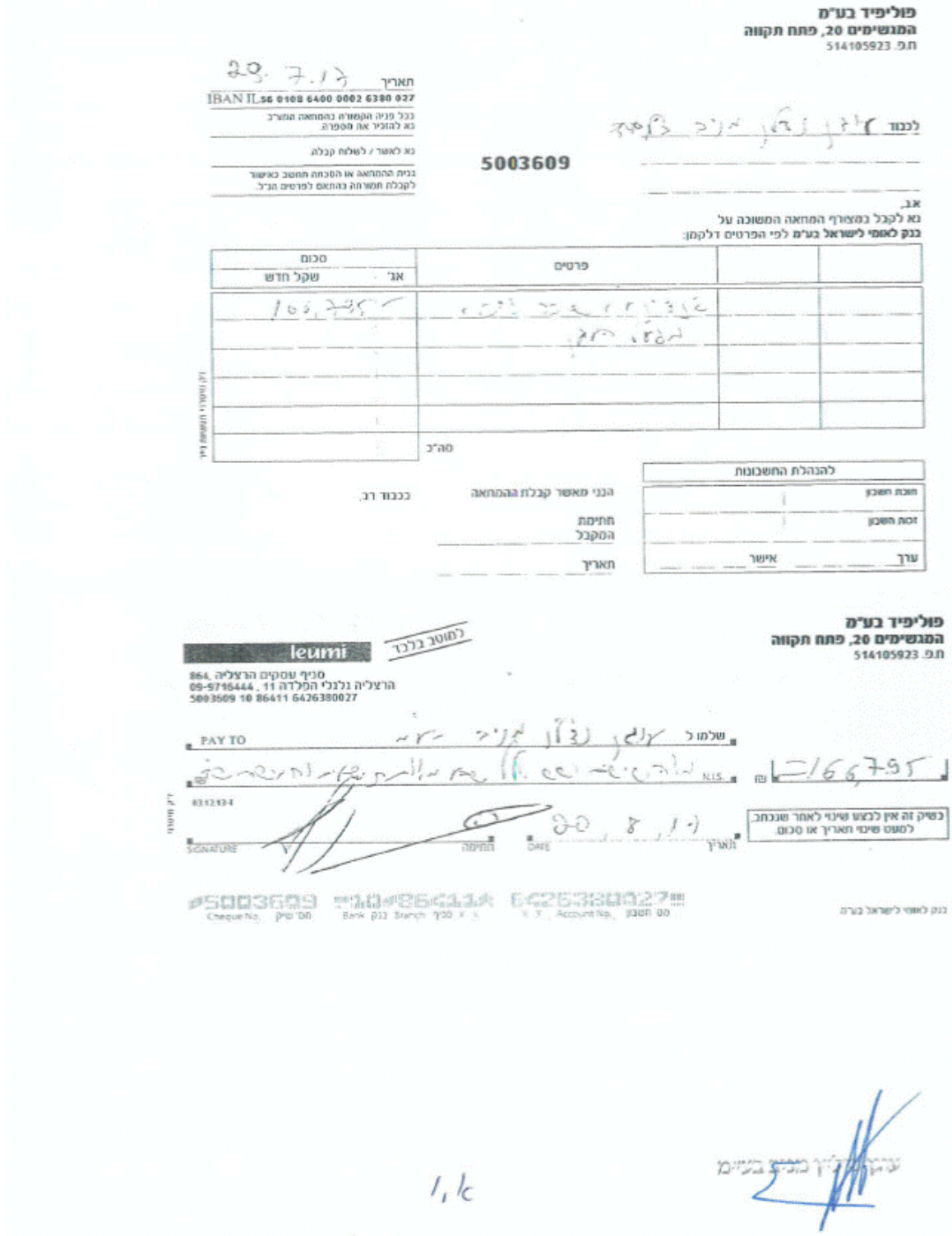
8. The Contractor shall sign a safety at work appendix as instructed to it by the Lessee upon its entry to the site.

9. The Contractor may not dig, excavate, chisel, drill or perform any work in the columns of the Building without obtaining the prior, express and written approval of the Lessee on behalf of the Lessor.

And in witness hereof the Contractor is hereby undersigned:

[Signature and Stamp: Ogen Yielding Real Estate Ltd.]

[Signature and Stamp: Nir Tal]



פוליפיד בע"מ
המגשימים 20, פתח תקווה
ח.פ. 514105923

תאריך 29.7.13
IBAN IL56 0108 6400 0002 6380 027
בכל פניה הקשורה בהמחאה המוכר
נא להזכיר את מספרה

נא לאשר / לשלוח קבלה

בניה ההמחאה או הסכמת מחשב כאישור
לקבלת תמורה בהתאם לפרטים הנ"ל

5003609

לכבוד

אנ.
נא לקבל במצורף המחאה המשוכה על
בנק לאומי לישראל בע"מ לפי הפרטים דלקמן:

		פרטים	סכום	
			אג'	שקל חדש
				10,795
		סה"כ		

להנהלת החשבונות	
חובת חשבון	
זכות חשבון	
ערך	אישור

הנני מאשר קבלת ההמחאה

חתימת המקבל

תאריך

ככבוד רב,

פוליפיד בע"מ
המגשימים 20, פתח תקווה
ח.פ. 514105923

למוטב בלבד

leumi

סניף עסקים הרצליה 864,
הרצליה נלנבי הפלדה 11 , 09-9716444
5003509 10 86411 6426380027

PAY TO שלמו ל

N.I.S. ₪ 10,795

83123134

SIGNATURE חתימה DATE תאריך

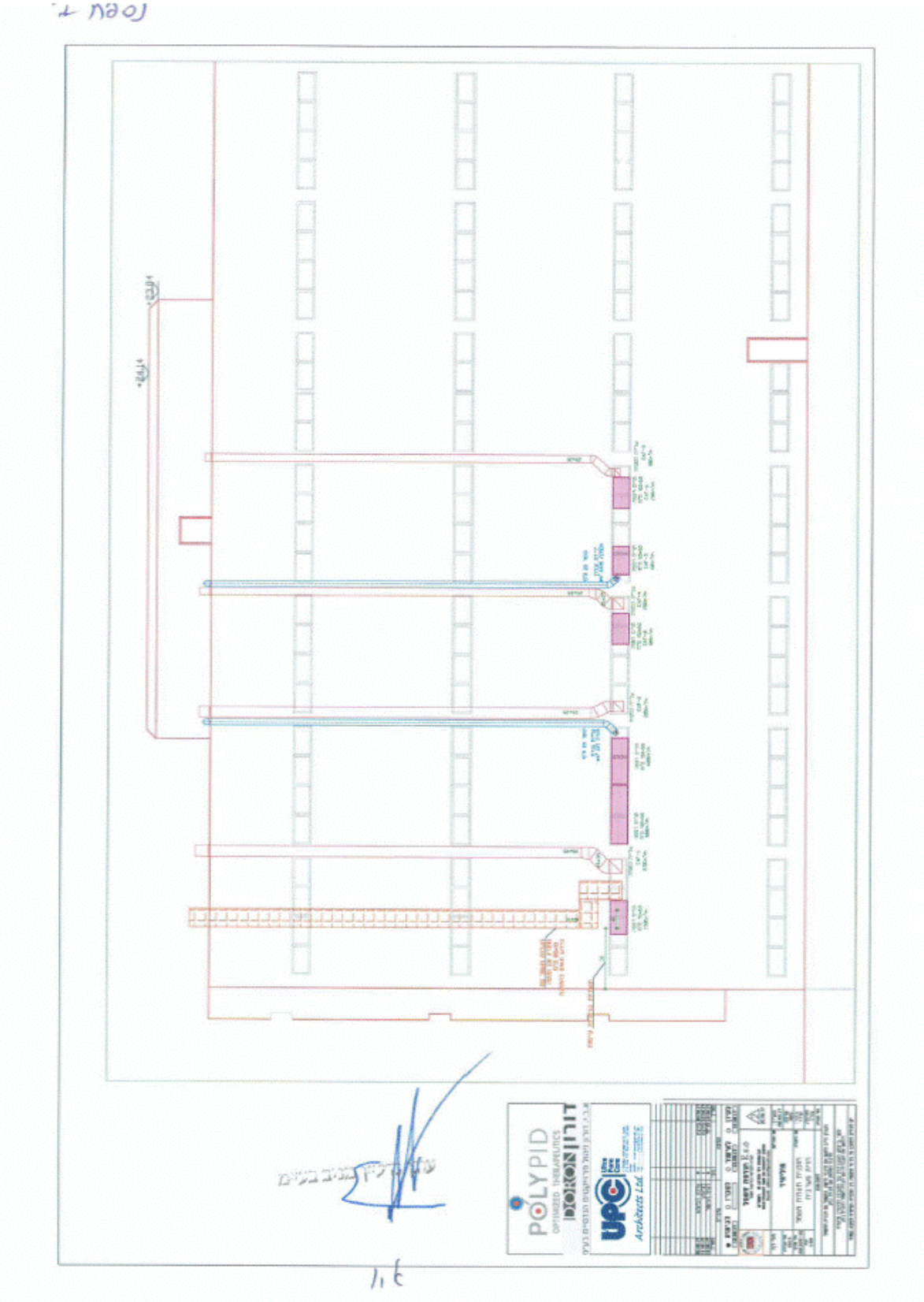
כשיק זה אין לבצע שינוי לאחר שנכתב.
לשנוי שינוי תאריך או סכום

⑈5003609⑈ ⑆108⑆86411 6426380027⑈

Cheque No. מס' שיק Bank בנק Branch סניף X Y Account No. מספר חשבון

בנק לאומי לישראל בע"מ

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Initial Signatures]



[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Initial Signatures]

Appendix K

The cable will pass from the main power room in the ground floor through the southern pier to the roof of the Building.

From this point the cable will continue through the eastern façade up to the northern façade and from there along the northern façade and to the western façade.

The cable will then descend from the roof to the first floor on the western façade in a location that will be coordinated and will enter Leased Premises through the window.

The cable will end by the area of the main distribution board in the Leased Premises with an additional cable length, to the extent required by PolyPid, for the purpose of its independent connection to the distribution board.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Initial Signatures]

Appendix L

Application for authorization to debit account

Date:

To

Bank
Branch ( )
("**The Bank**")

Bank account number	**Account type**	**Branch**	**Bank**

Name of in the (the Beneficiary) Ogen Yielding Real Estate Ltd.

oGeneral authorization, without limitations

In case the beneficiary transfers sums charged that fail to meet the limitations set out by the client, the Bank shall return the said sums, with all ensuing consequences.

Or —

- An authorization that includes one of the following limitations as a minimum:
  - o Limitation of debit amount — NIS
  - o Authorization expiration date — on / /

For your information: failure to check one of the alternatives above shall mean that you selected a general authorization that does not include any limitations.

1. We, the undersigned, ID. No./Company No. ("**the Clients**") (fill in the name of the account holders as stated in the books of the Bank)

   Hereby request to give an authorization to debit our account whose details are as stated above (hereinafter: "**the Account**") for the sums and on the dates as instructed to you periodically by the Beneficiary by the institution code, subject to the limitations indicated above (to the extent that there are any).

2. In addition, the following provisions shall apply:

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Initial Signatures]

A. We will receive from the Beneficiary the details that are necessary for the purpose of granting the application for an authorization to debit the Account.

B. This authorization may be canceled by delivery of written notice from us to the Bank that will take effect in one business day after the delivery of the notice to the Bank, and may be canceled in accordance with the provisions set forth in any law.

C. We shall be entitled to cancel a certain amount debited provided that we deliver a notice in connection therewith to the Bank no later than 3 business days after the debit date. To the extent that the cancellation notice was delivered after the debit date, the credit shall be performed according to the value of the date of the cancellation notice.

D. We shall be entitled to demand from the Bank, by delivery of written notice, to cancel a debit, if the debit does not comply with the expiration date that was set in the Authorization or the sums that were set in the Authorization, if any.

E. The Bank shall not be held liable regarding the transaction we perform with the Beneficiary.

F. The Bank shall not be held liable for the any transaction we perform with the Beneficiary.

G. Should you consent to our request, the Bank will act in accordance with the provisions set forth in this Authorization subject to the provisions set forth in any law and agreement made between us and the Bank.

H. The Bank shall be entitled to exclude us from the arrangement set out in this Authorization if it has a reasonable reason to act in the said manner, and shall notify about this action immediately after making the decision and shall provide the reasons for this decision.

3. We agree that the Beneficiary will deliver this Application to the Bank.

Signature of clients _____

For your information: You may submit the Application for an Authorization to Debit the Account also in the internet website of the Bank, without arriving to the branch.

[Signature and Stamp: Ogen Yielding Real Estate Ltd and Polypid Ltd.] [Initial Signatures]

Exhibit 10.4.3

Addendum to the Lease Agreement dated March 27, 2014

Made and executed in *Petah Tikva* on the *28th* day of November, 2017

Between: **Ogen Yielding Real Estate Ltd., Company No. 520033093**
Of 3 Har Sinai St., Tel Aviv
(Hereinafter: "**the Lessor**")

The first party;

And between: **PolyPid Ltd., Company No. 514105923**
By its authorized signatories
Of 18 HaSivim St., Petah Tikva
(Hereinafter: "**the Lessee**")

The second party;

Whereas: On March 27, 2014 the Lessee and the Lessor signed a lease agreement [hereinafter: "**the Original Agreement**"] according to which the Lessee leases the Leased Premises within their meaning in the Original Agreement;

And whereas: On July 1, 2014 the Lessor and the Lessee signed the first Addendum of the Original Agreement [hereinafter: "**First Addendum**"] according to which the Lessee leases from the Lessor an additional area of approximately 377sqm gross, located in the ground floor in Tamar Building in the complex, as stated in the First Addendum [the Original Agreement and the First Addendum shall be referred hereinafter: "**the Lease Agreement**"];

And whereas: On July 23, 2017 the Lessor and the Lessee signed a second addendum of the Original Agreement [hereinafter: "**Second Addendum**"] according to which the Lessee leases from the Lessor an additional area of approximately 864sqm gross, located in Alon Building in the complex, and additional provisions and conditions were set forth in connection with this area, as stated in the Second Addendum [the Original Agreement and the First and

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Ogen Yielding Real Estate Ltd. **PolyPid Ltd.**

Second Addendum shall be referred hereinafter: "**the Lease Agreement**"];

[The Leased Premises, within their meaning in the Original Agreement, and the Additional Areas that were leased to the Lessee in accordance with the First and Second Addendum shall be referred hereinafter collectively: "**the Leased Premises**"];

And whereas: The Lessee requested from the Lessor to lease the Additional Area within its meaning hereunder, in addition to the Leased Premises, and the Lessor granted the request of the Lessee as aforesaid, and set out additional conditions in connection with the Leased Premises, in accordance with the provisions set forth in this Addendum hereunder;

And whereas: The Lessor declares that it is the owner of the Additional Area and is entitled to lease this area to the Lessee;

Therefore, it is Declared, Stipulated and Agreed between the Parties as Follows:

1. **Preamble and interpretation**

1.1. The preamble to this Addendum and Appendixes thereof constitute an integral part hereof.

1.2. The headings of the sections will serve for the purpose of orientation and convenience only, and will not serve for the purpose of interpreting this Addendum.

1.3. Any modification or addition of this Addendum and the Lease Agreement shall be null and void unless executed in writing and signed by the parties.

2. **The Additional Area**

2.1. In accordance with the provisions set forth in this Addendum, an additional area of approximately 650sqm net with additional 15% load in respect of the Public Areas in the Building within their meaning in the Lease Agreement, i.e., an area of approximately 747sqm gross shall be added to the Area of the Leased Premises, when the said area is located in the second

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Ogen Yielding Real Estate Ltd. **PolyPid Ltd.**

floor of the Tamar Building in the complex and whose boundaries are marked in the blueprint hereby enclosed as **Appendix A** of this Addendum and shall be delivered in its present condition "as-is" (hereinafter: "**Additional Area**") except for the performance of all the Lessor's Works in the Additional Area within their meaning hereunder.

Upon completion of the adjustment works in the Additional Area, a qualified surveyor shall measure the Additional Area according to the survey principles set forth hereunder, and after the survey the final net area of the Leased Premises shall be determined (hereinafter: "**Final Net Area**"). The gross Area of the Leased Premises is the Final Net Area of the Leased Premises in addition to 15% load for the Public Areas in the Building.

2.2. The Additional Area, as marked in the blueprint hereby enclosed, shall be delivered to the Lessee in its condition "as-is" at the time of signing this Addendum and the Lessee shall raise no claim and/or demand and/or suit against the Lessor and/or anyone acting on its behalf in connection therewith, unless the Lessor was aware of a latent defect or failure and failed to disclose to the Lessee any information in connection therewith, or in the event of a latent defect or failure that was detected in the course of performance of the works, including in anything related to the performance of the Lessee's Works in the Additional Area, within their meaning hereunder, and in its condition as stated above.

3. **Purpose of Lease in the Additional Area**

The Additional Area shall be used for office purposes subject to the provisions set forth in any law and/or the Original Agreement.

4. **The Term of Lease in the Additional Area**

4.1. The Term of Lease in the Additional Area shall commence on April 1, 2018 and shall expire in 60 months as of the delivery of possession date in the Additional Area, i.e. on March 30, 2023 (hereinafter: "**Term of Lease in the Additional Area**"). Notwithstanding the said it is clarified that the Lessor shall have the exclusive right to notify the Lessee, by delivery of a 14 business days' prior and written notice, that the Term of Lease in the Additional Area shall be forwarded in such manner that the said Term of Lease shall commence on March 1, 2018 and until March 30, 2018 and the Lessee shall raise no suits and/or demands in connection therewith

[Signed]	[Signed]
Ogen Yielding Real Estate Ltd.	**PolyPid Ltd.**

(hereinafter: "**Bringing Forward the Delivery Date**"). In the event the Delivery Date was brought forward by the Lessor — as of the date delivery of possession in the Leased Premises was brought forward the Lessee shall incur all payments applicable to it in accordance with the provisions set forth in this Addendum, and the commencement and expiration dates of the Term of Agreement shall be moved accordingly (in such manner that the entire term shall be 60 months of lease).

4.2. Subject to the provisions set forth in the Original Agreement and this Addendum, the Lessee is hereby granted an option to extend the Term of Lease in the Additional Area by an additional period of 60 months as of the expiration of the Term of Lease in the Additional Area (hereinafter: "**Option Term**"). The terms of payment during the Option Term shall be — increase of 3.5% of the amount of the last payment in respect of the Rent and Management Fees (and in addition to statutory VAT, when the sums are linked to the Basic Index within its meaning in the Original Agreement). The Option Term in accordance with the said conditions shall take effect automatically unless the Lessee delivered to the Lessor written notice at least 120 (one hundred and twenty) days prior to expiration of the extended Term of Lease, stating that the Lessee wishes to terminate the engagement in connection with the Additional Area, on the condition that the Lessee fulfilled fully and timely all its material undertakings in accordance with this Addendum, and without derogating from its undertaking to provide securities and insurances as stated in this Addendum. The entire terms set forth in this Addendum shall apply to the parties during the Option Term, *mutatis mutandis*.

5. **Rent and Management Fees for the Additional Area**

5.1. As of the delivery of possession date in the Additional Area and until expiration of the Term of Lease, the Lessee shall pay to the Lessor the following payments (in addition to the payments for the Leased Premises as stated above):

5.1.1. Monthly Rent for the Additional Area in the amount of NIS 45 (forty five new Israeli shekels) for each 1sqm gross of the Additional Area, in addition to linkage differentials to the Basic Index (within its meaning in the Original Agreement) and statutory VAT, and Management Fees in the amount of NIS 13 (thirteen new Israeli shekels) for each 1sqm gross of the Additional Area, in

[Signed]	[Signed]
Ogen Yielding Real Estate Ltd.	**PolyPid Ltd.**

addition to linkage differentials to the Basic Index (within its meaning in the Original Agreement) and statutory VAT — Rent and Management Fees shall be paid in advance for each quarter (three months of lease). Payments shall be made by an authorization to debit the account by the bank clearing house system (Masav) enclosed with this Addendum.

5.1.2. The Lessee shall incur all payments it is obligated to pay in connection with the Additional Area including to the municipality, and including payments for the supply of electricity in bulk vis-à-vis the Lessor, according to a low voltage time of use rates and

according to the reading of the electricity meter that will be installed by the Lessor. In addition, the Lessee shall coordinate with the Lessor the supply and payment for water usage, according to the rates charged by the water corporation, based on the reading of a meter that will be installed by the Lessor. For that purpose, shortly after signing this Addendum the Lessee shall inform the municipality regarding its lease of the Additional Area.

5.1.3. Notwithstanding the said in Section 5.1.1 above, the Lessor grants a one-time exemption to the Lessee from payment of the Rent for the first two months of the Term of Lease in the Additional Area, however during this period the Lessee shall incur all other payments applicable to the Additional Area, as stated in this Addendum.

6. **Lessor's Works in the Additional Area**:

6.1. The Lessor agreed to perform solely the following works in the Additional Area by itself (and/or by anyone acting on its behalf) and at its expense:

6.1.1. Installation of a P.V.C. floor according to the customary standards in the Lessor and at its sole discretion, and in any event for final costs that shall not be greater than NIS 120 per 1sqm net (including VAT).

6.1.2. Painting the Additional Area in a uniform color at the discretion of the Lessee.

6.1.3. Repair or replacement of defective tiles of the acoustic ceiling as agreed between the parties.

6.1.4. Making the air conditioning units available and operable.

6.1.5. Creating of a common escape corridor in the third floor of the Additional Area.

6.1.6. Supplying separate electricity feed to the Additional Area.

6.1.7. Relocation of the communication room door in such manner that it will be located in the Additional Area, as marked in the blueprint, in accordance with the instructions set forth by a consultant/expert.

6.2. All works specified in this Section shall be fully completed until the Delivery of Possession Date of the Leased Premises and no later than April 1, 2018. Without derogating from the foregoing, paint repair works shall not be deemed as preventing the entry of the Lessee to the Leased Premises.

7. **Responsibility for maintenance of the air-conditioning systems in the Additional Area**

7.1. For a period of 24 months as of the delivery of possession date in the Additional Area, the Lessor shall be responsible for the working order and current maintenance (subject to reasonable wear) of the air-conditioning system in the Leased Premises, provided that no damage and/or malicious and/or negligent damage and/or misuse of the air-conditioning system are caused by the Lessee or anyone acting on its behalf, and in such circumstances the Lessee shall be held fully liable in connection therewith. As of 24 months as of delivery of possession date henceforth — the Lessee shall be solely responsible and in general for the maintenance of the air-conditioning system (including the performance of any repair and/or payment and/or addition and the like). Notwithstanding the said, the Lessor shall be responsible for repairing the following parts: A. The motor of the air-conditioning system; B. Compressor; C. The conduits reaching the air-conditioning system. In case the Lessor is responsible for the repair of a malfunction in accordance with the provisions set forth above, the malfunction shall be repaired in the following manner: in 24 hours (of a business day) as of the date the Lessor received the written notice of the Lessee regarding the malfunction — the Lessor shall dispatch a technician to inspect and repair the malfunction. If the malfunction is not repaired in 5 business days — the Lessee shall be entitled to deliver notice to the Lessor

regarding its attempt to repair the air-conditioning system independently and take action for the purpose of repairing the malfunction until the malfunction is repaired and in such circumstances the Lessor shall fully incur the repair costs provided that it complies with the following conditions cumulatively: A. The repair concerns solely the air-conditioning systems of the Additional Area and is not located in the Public Areas in the Building where the Additional Area is located; B. The repair cannot harm or modify adversely the condition of the entire system.

8. **Securities and insurance**

8.1. At the time of signing this addendum The Lessee shall be obligated to furnish to the Lessor the securities specified hereunder. Notwithstanding the said, to the extent that the Lessee fails to furnish to the Lessor the securities specified hereunder, the securities that were provided by virtue of the Lease Agreement shall continue to apply also with respect to the Additional Area specified in this Addendum. Nevertheless, prior to the delivery of possession in the Additional Area and as a condition thereof — the Lessee shall furnish the following securities.

The following are the securities that the Lessee will furnish to the Lessor in accordance with this Addendum: a bank guarantee in an amount equal to the Rent and the Management Fees for 3 months of lease in addition to VAT and linkage differentials, in the amount of NIS 152,074 (one hundred and fifty-two thousand and seventy-four new Israeli shekels). The parties agree that the additional guarantee that is provided in respect of this Addendum is provided for the purpose of covering the undertakings of the Lessee solely in connection with this Addendum and the Lessor shall not be entitled to use this guarantee for the purpose of assuring the fulfillment of the undertakings of the Lessee in accordance with the Lease Agreement or the First and Second Addendum thereof. It is further clarified that the existing guarantees that the Lessor holds in respect of the Primary Agreement or addenda thereof may not be used as securities for the fulfillment of the undertakings of the Lessee in accordance with this Addendum.

8.2. In addition, prior to the entry of the Lessee to the Leased Premises, and as a condition thereof, the Lessee undertakes to take out and increase the insurance coverage in the relevant insurances in accordance with the Insurance Appendix of the Original Agreement for the entire Term of Lease

in respect of the Additional Area, without derogating from the entire provisions set forth in the Lease Agreement regarding the Lessee's insurances.

9. **Option to lease an attached area**

9.1. The parties hereby agree that the Lessee is granted the option to start negotiations (according to the conditions decided between the parties) with the Lessor, for the purpose of leasing an area of approximately 256sqm gross with the addition of 15% load for the Public Areas, located in the second floor in Tamar Building and attached to the Additional Area, and marked in brown in the blueprint hereby enclosed as Appendix B of this Addendum [hereinafter: "**Attached Area**"] for a period of 14 days as of the date the Lessor delivers written notice to the Lessee shortly before expiration of the Term of Lease in the Attached Area (within the meaning of this term hereunder, and whichever is earlier) (hereinafter respectively: "**Lessor's Notice**" and "**Term of Notice**").

9.2. The Lessee is aware that the Attached Area is leased to a third-party and that the Term of Lease in the Attached Area expires on September 8, 2021. The Lessee is further aware that it is possible that the Lessor and/or a third-party that leases the Attached Area at present might terminate the agreement in connection with the Attached Area earlier (the earlier of the two dates shall be referred hereinafter and as the case may be: "**Expiration of the Term of the Current Lease in the Attached Area**").

9.3. To the extent that during the Term of Notice the Lessee notified the Lessor regarding its refusal to lease the Attached Area [hereinafter: "**Lessee's Notice**"] or in the event the Lessee did not deliver to the Lessor any notice during the Term of Notice regarding its wish to lease the Attached Area, in such circumstances, as of the expiration of the Term of Notice or the Lessor's Notice, whichever is earlier, the right of the Lessee to lease the Attached Area shall expire and the Lessor may lease this area to any third-party and under any conditions, and the Lessee shall not raise any claims and/or demands and/or suits in connection therewith.

9.4. To the extent that the Lessee notifies the Lessor during the period in which the Attached Area is available that it wishes to lease the Attached Area, the parties may conduct negotiations and will agree on the terms of lease in the Attached Area and will sign an addendum in connection therewith, within a

maximum period of 21 days as of expiration of the Term of Notice (hereinafter: "**Signing of the Addendum in respect of the Attached Area**").

9.5. It is clarified that the Lessor's Notice and the Term of Notice are provided for one-time and shall be provided to the Lessor only shortly after the expiration of the Term of Lease in the Attached Area and to the extent that the Lessee's Notice fails to meet the conditions set forth in Section 9.3 or, alternatively, is negative, and/or to the extent that in any event the Signing of the Addendum in respect of the Attached Area is not completed in accordance with the provisions set forth in Section 9.4, and in such circumstances the Lessor shall be free and shall be entitled to lease the Attached Area to any lessee and under any conditions, without any further obligation to deliver the Lessor's Notice as stated above.

10. **Miscellaneous**

10.1. It is hereby agreed that all the provisions set forth in the Original Agreement, to the extent that they were not modified or amended expressly in this Addendum, shall have full force and effect and shall remain intact, and anywhere in the Original Agreement that includes a reference to the Leased Premises — the said reference shall be deemed to include also the Additional Area respectively, unless this Addendum includes a provision that modifies expressly the provisions set forth in the Original Agreement, and in such circumstances the provisions set forth in this Addendum shall take precedence. This Addendum shall be enclosed with the Original Agreement and shall constitute an integral part thereof.

And in witness hereof the parties are hereby undersigned:

[Signed]	[Signed]
Ogen Yielding Real Estate Ltd.	**PolyPid Ltd.**

Exhibit 21.1

PolyPid Ltd.
Subsidiaries of the Registrant
(as of September 30, 2017)

PolyPid Pharma SRL, a company organized and existing under the laws of Romania.

PolyPid Inc., a Delaware corporation.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated February 8, 2018, with respect to the consolidated financial statements of Polypid Ltd. included in the Registration Statement on Form F-1 and related Prospectus of Polypid Ltd., dated February 8, 2018.

/s/ Kost Forer Gabbay and Kasierer
KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Tel-Aviv, Israel
February 8, 2018

Exhibit 23.3

CONSENT OF LIFE SCIENCE INTELLIGENCE, INC.

We hereby consent to (1) the use of and references to our name in the prospectus included in the registration statement on Form F-1 of PolyPid Ltd. (the "***Company***") and any amendments thereto (the "***Registration Statement***"), including, but not limited to, under the "Market and Industry Data" and "Business" sections, and (2) the filing of this consent as an exhibit to the Registration Statement by the Company for the use of our data and information cited in the above-mentioned sections with data reference points outlined and described expressly within Schedule I hereto only. Any data or information not appearing within Schedule I hereto is not authorized for use and does not form part of this consent exhibit.

The data and information used in the Registration Statement, including, but not limited to, under the "Market and Industry Data" and "Business" sections and described on Schedule I hereto, are obtained from our report titled: LSI Global Surgical Procedure Volumes Database.

By: /s/Scott Pantel

Life Science Intelligence, Inc.

February 6, 2018

Schedule I

The information listed below and appearing in the "Market and Industry Data" section of the prospectus:

> This prospectus contains estimates, projections and other information concerning our industry, our business, and the markets for our product candidates. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from our own internal estimates and research as well as from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources. Life Science Intelligence, Inc., the primary source for our market opportunity data included in this prospectus, was commissioned by us to compile this information.
>
> In addition, assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in ''Risk Factors.'' These and other factors could cause our future performance to differ materially from our assumptions and estimates. See ''Special Note Regarding Forward-Looking Statements.''

The information listed below and appearing in the "Business" section of the prospectus:

> The tables below provide the estimated sizes of our addressable market opportunity in these categories in the United States and the EU-5, which, for purposes of the following data, includes France, Germany, Italy, Spain and the United Kingdom, based on the number of procedures performed in 2015, according to a study we commissioned from Life Science Intelligence, Inc.:

Bone Surgeries	
Cardiac Surgeries	
United States	889,000
EU-5	320,000
Orthopedic Surgeries	
United States	4,148,000
EU-5	2,590,000
Total	**7,947,000**
Soft Tissue Surgeries	
General Surgeries	
United States	7,182,000
EU-5	3,290,000
Gynecological and Urologic Surgeries	
United States	2,942,000
EU-5	1,817,000
Aesthetic Surgeries	
United States	608,000
EU-5	319,000
Total	**16,158,000**
