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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2019**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For transition period from _____ to _____

Commission file number: **001-36621**

Foamix Pharmaceuticals Ltd.

(Exact name of registrant as specified in its charter)

Israel

(State or other jurisdiction of incorporation or organization)

Not Applicable

(I.R.S. Employer Identification No.)

**2 Holzman Street, Weizmann Science Park
Rehovot, Israel**

(Address of principal executive offices)

7670402

(Zip Code)

+972-8-9316233

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, par value NIS 0.16 per share	FOMX	Nasdaq Global Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer
Emerging growth company

Accelerated filer
Smaller reporting company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The total number of shares outstanding of the registrant’s Ordinary Shares, par value NIS 0.16 per share, as of April 29, 2019, was 54,425,724.

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DEFINITIONS

In this quarterly report on Form 10-Q, unless otherwise indicated, all references to the “company,” “we,” “us,” “our” and “Foamix” refer to Foamix Pharmaceuticals Ltd. and its subsidiary, Foamix Pharmaceuticals Inc., a Delaware corporation.

References to the “Companies Law” are to Israel’s Companies Law, 5759-1999, as currently amended;

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

References to the “FDA” are to the U.S. Food and Drug Administration;

References to “Nasdaq” are to the Nasdaq Global Stock Market;

References to “Ordinary Shares” are to our ordinary shares, par value of NIS 0.16 per share;

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

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

References to “U.S. dollars” and “\$” are to currency of the United States of America, and references to “NIS” are to New Israeli Shekels.

PART I - FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

FOAMIX PHARMACEUTICALS LTD.

UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AS OF MARCH 31, 2019

FOAMIX PHARMACEUTICALS LTD.

UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

AS OF MARCH 31, 2019

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The amounts are stated in US dollars in thousands (except for share data)

FOAMIX PHARMACEUTICALS LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands, except per share data)
(Unaudited)

	<u>March 31</u>	<u>December 31</u>
	<u>2019</u>	<u>2018</u>
A s s e t s		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 18,994	\$ 27,868
Restricted cash	250	250
Short term bank deposits	24,155	24,047
Investment in marketable securities (Note 4)	39,122	46,669
Restricted investment in marketable securities (Note 4)	276	268
Accounts receivable:		
Trade	1,168	1,066
Other	1,209	999
TOTAL CURRENT ASSETS	<u>85,174</u>	<u>101,167</u>
NON-CURRENT ASSETS:		
Investment in marketable securities (Note 4)	-	150
Restricted investment in marketable securities (Note 4)	137	133
Property and equipment, net	2,297	2,235
Operating lease right of use assets (Note 6)	1,934	-
Other	17	46
TOTAL NON-CURRENT ASSETS	<u>4,385</u>	<u>2,564</u>
TOTAL ASSETS	<u>\$ 89,559</u>	<u>\$ 103,731</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

FOAMIX PHARMACEUTICALS LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands, except per share data)
(Unaudited)

	March 31	December 31
	2019	2018
Liabilities and shareholders' equity		
CURRENT LIABILITIES:		
Accounts payable and accruals:		
Trade	\$ 5,657	\$ 6,327
Operating lease liabilities (Note 6)	914	-
Other	2,859	4,141
TOTAL CURRENT LIABILITIES	9,430	10,468
LONG-TERM LIABILITIES:		
Liability for employee severance benefits	397	367
Operating lease liabilities (Note 6)	1,023	-
Other liabilities	714	714
TOTAL LONG-TERM LIABILITIES	2,134	1,081
TOTAL LIABILITIES	11,564	11,549
COMMITMENTS (Note 6)		
SHAREHOLDERS' EQUITY:		
Ordinary Shares, NIS 0.16 par value - authorized: 90,000,000 Ordinary Shares as of March 31, 2019 and December 31, 2018; issued and outstanding: 54,419,323 and 54,351,140 Ordinary Shares as of March 31, 2019 and December 31, 2018, respectively	2,334	2,331
Additional paid-in capital	306,266	305,303
Accumulated deficit	(230,613)	(215,409)
Accumulated other comprehensive income (loss)	8	(43)
TOTAL SHAREHOLDERS' EQUITY	77,995	92,182
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 89,559	\$ 103,731

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

FOAMIX PHARMACEUTICALS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except per share data)
(Unaudited)

	Three months ended	
	March 31	
	2019	2018
REVENUES (Note 7)	\$ 308	\$ 906
OPERATING EXPENSES:		
Research and development	10,848	22,825
Selling, general and administrative	5,344	3,801
TOTAL OPERATING EXPENSES	<u>16,192</u>	<u>26,626</u>
OPERATING LOSS	15,884	25,720
FINANCE INCOME , net	(504)	(73)
LOSS BEFORE INCOME TAX	15,380	25,647
INCOME TAX	(176)	330
NET LOSS FOR THE PERIOD	<u>\$ 15,204</u>	<u>\$ 25,977</u>
LOSS PER SHARE BASIC AND DILUTED	<u>\$ 0.28</u>	<u>\$ 0.69</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING USED IN COMPUTATION OF BASIC AND DILUTED LOSS PER SHARE IN THOUSANDS	<u>54,370</u>	<u>37,541</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

FOAMIX PHARMACEUTICALS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(U.S. dollars in thousands)
(Unaudited)

	Three months ended	
	March 31	
	2019	2018
NET LOSS	\$ 15,204	\$ 25,977
OTHER COMPREHENSIVE LOSS (INCOME):		
Net unrealized losses (gains) from marketable securities	(36)	15
Losses on marketable securities reclassified into net loss	-	(1)
Net unrealized losses (gains) on derivative financial instruments	(15)	14
Gains on derivative financial instruments reclassified into net loss	-	6
TOTAL OTHER COMPREHENSIVE LOSS (INCOME)	(51)	34
TOTAL COMPREHENSIVE LOSS	\$ 15,153	\$ 26,011

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

FOAMIX PHARMACEUTICALS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(U.S. dollars in thousands, except share data)
(Unaudited)

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive Income (loss)	Total
	Number of shares	Amounts				
BALANCE AT JANUARY 1, 2018	37,498,128	\$ 1,576	\$ 208,364	\$ (141,281)	\$ (58)	\$ 68,601
Impact of initial adoption of new accounting standards, as previously reported				35	(35)	-
CHANGES DURING THE PERIOD:						
Comprehensive loss	-	-	-	(25,977)	(34)	(26,011)
Exercise of restricted share units	53,383	2	(2)	-	-	-
Share-based compensation (Note 5)	-	-	1,754	-	-	1,754
BALANCE AT MARCH 31, 2018	37,551,511	1,578	210,116	(167,223)	(127)	44,344
BALANCE AT JANUARY 1, 2019	54,351,140	\$ 2,331	\$ 305,303	\$ (215,409)	\$ (43)	\$ 92,182
CHANGES DURING THE PERIOD:						
Comprehensive income (loss)	-	-	-	(15,204)	51	(15,153)
Exercise of options and restricted share units	68,183	3	13	-	-	16
Share-based compensation (Note 5)	-	-	950	-	-	950
BALANCE AT MARCH 31, 2019	54,419,323	\$ 2,334	\$ 306,266	\$ (230,613)	\$ 8	\$ 77,995

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

FOAMIX PHARMACEUTICALS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)
(Unaudited)

	Three months ended	
	March 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (15,204)	\$ (25,977)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	76	86
Loss from disposal of fixed assets	-	36
Changes in marketable securities and bank deposits, net	(264)	(40)
Changes in accrued liability for employee severance benefits, net of retirement fund profit	30	(35)
Share-based compensation	950	1,754
Non-cash finance expenses (income), net	23	1
Changes in operating asset and liabilities:		
Decrease (increase) in trade and other receivables	(300)	487
Decrease in other non-current assets	(4)	-
Increase (Decrease) in accounts payable and accruals	(1,949)	495
Net cash used in operating activities	<u>(16,642)</u>	<u>(23,193)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(138)	(122)
Investment in bank deposits	(8,000)	(8,500)
Investment in marketable securities	-	(1,012)
Proceeds from sale and maturity of marketable securities and bank deposits	15,877	29,642
Net cash provided by investing activities	<u>7,739</u>	<u>20,008</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of options	16	-
Net cash provided by financing activities	<u>16</u>	<u>-</u>
DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(8,887)	(3,185)
EFFECT OF EXCHANGE RATE ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	13	(1)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF THE PERIOD	28,118	16,206
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF THE PERIOD	\$ 19,244	\$ 13,020
Cash and cash equivalents	\$ 18,994	\$ 12,770
Restricted cash	<u>250</u>	<u>250</u>
TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH SHOWN IN STATEMENT OF CASH FLOWS	\$ 19,244	\$ 13,020
SUPPLEMENTARY INFORMATION ON INVESTING AND FINANCING ACTIVITIES NOT INVOLVING CASH FLOWS -		
Property and equipment purchases included in accounts payable and accruals	-	\$ 4
Cashless exercise of RSU's	<u>\$ 3</u>	<u>\$ 2</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest received	\$ 307	\$ 384
Additions to operating lease right of use assets and liabilities	<u>\$ 736</u>	<u>-</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

FOAMIX PHARMACEUTICALS LTD.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share and per share amounts)

NOTE 1 - NATURE OF OPERATIONS AND BASIS OF PRESENTATION:

a. Nature of operations

Foamix Pharmaceuticals Ltd. (hereinafter "Foamix") is an Israeli company incorporated in 2003. Foamix's shares are publicly traded on the NASDAQ under the symbol "FOMX", since its initial public offering ("IPO") in September, 2014.

Foamix is a late clinical-stage specialty pharmaceutical company focused on developing and commercializing its proprietary topical drug candidates for dermatological therapy. Foamix lead product candidate, FMX101 (4% minocycline foam), is being developed for the treatment of moderate-to-severe acne. An additional product candidate, FMX103 (1.5% minocycline foam), is being developed for the treatment of moderate-to-severe papulopustular rosacea. Both product candidates are novel topical foam formulations of the antibiotic minocycline and were developed using *Molecule Stabilizing Technology*, a proprietary foam platform designed to optimize the topical delivery of minocycline, an active pharmaceutical ingredient, or API, that is currently available only in oral form despite its prevalent use in dermatology.

Foamix also licensed its technology under development and licensing agreements to various pharmaceutical companies for development of certain products combining Foamix's foam technology with the licensee's proprietary drugs.

In May 2014, Foamix incorporated a wholly-owned Subsidiary in the United States of America - Foamix Pharmaceuticals Inc. (hereinafter the "Subsidiary"). The Subsidiary was incorporated to assist Foamix with regard to marketing, regulatory affairs and business development relating its products and technology.

Since incorporation through March 31, 2019, Foamix and its subsidiary (hereinafter "the Company") incurred losses and negative cash flows from operations mainly attributable to its development efforts and has an accumulated deficit of \$230,613. The Company has financed its operations mainly through the issuance of shares through private and public financing rounds, convertible loans and payments received under development and licensing agreements. The Company's cash and investments as of as of the issuance date of these financial statements, will allow the Company to fund its operating plan through at least the next 12 months. However, the Company expects to continue to incur significant research and development and other expenses related to its ongoing operations and in order to continue its future operations, the Company will need to obtain additional funding until becoming profitable. If the Company is unable to obtain such funding it will need to curtail or cease operations.

b. Basis of presentation

The unaudited interim condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial statements. Accordingly, they do not contain all information and notes required by U.S. GAAP for annual financial statements. In the opinion of management, these unaudited condensed consolidated interim financial statements reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of the Company's consolidated financial position as of March 31, 2019, the consolidated results of operations and comprehensive loss, changes in shareholders equity and cash flows for the three-month periods ended March 31, 2019 and 2018.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's annual financial statements for the year ended December 31, 2018. The condensed consolidated balance sheet data as of December 31, 2018 was derived from the audited consolidated financial statements for the year ended December 31, 2018, included in Form 10K, but does not include all disclosures required by U.S. GAAP for annual financial statements.

The results for the three-month periods ended March 31, 2019 are not necessarily indicative of the results expected for the year ending December 31, 2019.

FOAMIX PHARMACEUTICALS LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(U.S. dollars in thousands, except share and per share amounts)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

a. Principles of consolidation

The consolidated financial statements include the accounts of Foamix and its subsidiary. Intercompany balances and transactions including profits from intercompany sales not yet realized outside the Company, have been eliminated upon consolidation.

b. Fair value measurement

Fair value is based on the price that would be received from the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, the guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data or active market data of similar or identical assets or liabilities.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers counterparty credit risk in its assessment of fair value.

c. Loss per share

Net loss per share, basic and diluted, is computed on the basis of the net loss for the period divided by the weighted average number of Ordinary shares outstanding during the period. Diluted net loss per share is based upon the weighted average number of Ordinary shares and of Ordinary share equivalents outstanding when dilutive. Ordinary share equivalents include outstanding stock options and warrants which are included under the treasury share method when dilutive.

FOAMIX PHARMACEUTICALS LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(U.S. dollars in thousands, except share and per share amounts)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

The following share options, restricted share units (“RSUs”) and warrants were excluded from the calculation of diluted net loss per ordinary share because their effect would have been anti-dilutive for the periods presented (share data):

	Three months ended	
	March 31	
	2019	2018
Outstanding share options and RSUs	5,895,973	4,728,610
Warrants	-	1,394,558

d. Newly issued and recently adopted accounting pronouncements:

Accounting pronouncements adopted in period:

- 1) In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which supersedes the existing guidance for lease accounting, Leases (Topic 840). The new standard requires lessees to record assets and liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

The Company adopted the standard as of January 1, 2019 on a modified retrospective basis and did not restate comparative periods. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carryforward the historical lease classification and not separate lease and non-lease components for the leases. The Company recognizes the lease payments in the consolidated statements of Operations on a straight-line basis over the lease period.

The adoption of the standard resulted in recognition of \$1,357 of lease assets and lease liabilities as of January 1, 2019 on the Company’s consolidated balance sheets.

- 2) In June 2018, the FASB issued ASU No. 2018-07, Compensation-Stock Compensation (Topic 718) Improvements to Nonemployee Share-based Payments. This ASU was issued to simplify the accounting for share-based transactions by expanding the scope of Topic 718 from only being applicable to share-based payments to employees to also include share-based payment transactions for acquiring goods and services from nonemployees. As a result, nonemployee share-based transactions will be measured by estimating the fair value of the equity instruments at the grant date, taking into consideration the probability of satisfying performance conditions. This standard, adopted as of January 1, 2019, had no material impact on the Company’s consolidated financial statements.

FOAMIX PHARMACEUTICALS LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(U.S. dollars in thousands, except share and per share amounts)

NOTE 3 - FAIR VALUE PRESENTATION

The Company's assets and liabilities that are measured at fair value as of March 31, 2019 and December 31, 2018, are classified in the tables below in one of the three categories described in note 2b above:

	March 31, 2019		
	Level 1	Level 2	Total
Marketable securities	\$ 1,001	\$ 38,534	\$ 39,535
Currency options designated as hedging instruments (current asset)	-	\$ 12	\$ 12

	December 31, 2018		
	Level 1	Level 2	Total
Marketable securities	\$ 991	\$ 46,229	\$ 47,220
Currency options designated as hedging instruments (current liability)	-	\$ (3)	\$ (3)

The Company's debt securities are traded in markets that are not considered to be active, but are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Accordingly, these assets are categorized as Level 2.

Foreign exchange risk management

The Company purchases and writes non-functional currency options in order to hedge the currency exposure on the Company's cash flow. The currency hedged items are denominated in New Israeli Shekels (NIS). The purchasing and writing of options is part of a comprehensive currency hedging strategy with respect to salary and rent expenses denominated in NIS. These transactions are at zero cost for periods of up to one year. The counterparties to the derivatives are major banks in Israel. As of March 31, 2019, the total hedged amount was NIS 6.5 million.

The derivative asset, in the amount of \$12 as of March 31, 2019, qualifies as hedge accounting.

As of March 31, 2019, the Company has a lien in the amount of \$276 on the Company's marketable securities and a lien in the amount \$250 on the Company's checking account, in respect of bank guarantees granted in order to secure the hedging transactions.

NOTE 4 - MARKETABLE SECURITIES

Marketable securities as of March 31, 2019, and December 31, 2018 consist mainly of debt and mutual funds securities. The debt securities are classified as available-for-sale and are recorded at fair value. Changes in fair value, net of taxes (if applicable), are reflected in other comprehensive loss. Realized gains and losses on sales of the securities, as well as premium or discount amortization, are included in the consolidated statement of operations as finance income or expenses.

As of January 1, 2018, following the adoption of ASU No. 2016-01, Financial Instruments—Overall (Subtopic 825-10), equity securities with readily determinable fair value are measured at fair value. The changes in the fair value of equity investments are recognized through net income. Adoption of the standard was applied through a cumulative one-time adjustment of \$35 to the accumulated deficit.

FOAMIX PHARMACEUTICALS LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(U.S. dollars in thousands, except share and per share amounts)

NOTE 4 - MARKETABLE SECURITIES (continued):

The following table sets forth the Company's marketable securities:

	March 31	December 31
	2019	2018
Israeli mutual funds	\$ 1,001	\$ 991
Certificates of deposit	2,086	2,773
U.S Government and agency bonds	20,694	25,215
U.S Treasury bills	15,754	18,241
Total	\$ 39,535	\$ 47,220

As of March 31, 2019 and December 31, 2018 the fair value, cost and gross unrealized holding gains and losses of the marketable securities owned by the Company were as follows:

	March 31, 2019			
	Fair value	Cost or amortized cost	Gross unrealized holding losses	Gross unrealized holding gains
Certificates of deposit	\$ 2,086	\$ 2,092	\$ 6	\$ -
U.S Government and agency bonds	20,694	20,693	3	4
U.S Treasury bills	15,754	15,753	-	1
Total	\$ 38,534	\$ 38,538	\$ 9	\$ 5

	December 31, 2018			
	Fair value	Cost or amortized cost	Gross unrealized holding loss	Gross unrealized holding gains
Certificates of deposit	\$ 2,773	\$ 2,790	\$ 17	\$ -
U.S Government and agency bonds	25,215	25,236	22	1
U.S Treasury bills	18,241	18,243	3	1
Total	\$ 46,229	\$ 46,269	\$ 42	\$ 2

As of March 31, 2019, the unrealized losses attributed to the Company's marketable securities were primarily due to credit spreads and interest rate movements. The Company has considered factors regarding other than temporary impaired securities and determined that there are no securities with impairment that is other than temporary as of March 31, 2019 and December 31, 2018.

As of March 31, 2019, and December 31, 2018 the Company's debt securities had the following maturity dates:

	Market value	
	March 31	December 31,
	2019	2018
Due within one year	\$ 38,534	\$ 46,079
1 to 2 years	-	150
Total	\$ 38,534	\$ 46,229

FOAMIX PHARMACEUTICALS LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(U.S. dollars in thousands, except share and per share amounts)

NOTE 4 - MARKETABLE SECURITIES (continued):

During the three months ended March 31, 2019 and March 31, 2018 the Company received proceeds of \$7,877 and \$7,689 upon sale and maturity of marketable securities.

\$413 and \$401 of the Company's marketable securities were restricted as of March 31, 2019, and December 31, 2018, respectively, due to a lien in respect of bank guarantees granted to secure hedging transaction and the Company's rent agreements. Refer to note 6 and note 3.

NOTE 5 - SHARE CAPITAL:

Share-based compensation

In May 2015, the Company's board of directors approved a new option plan (the "Plan") replacing the previous plan approved in 2009. The Plan included a pool of 2,690,694 ordinary shares for grant to Company employees, consultants, directors and other service providers. During the years ended December 31, 2016 and December 31, 2017, the Board of Directors approved an accumulated increase of 2,900,000 ordinary shares to the plan. As of March 31, 2019, 27,990 shares remain available for grant under the Plan. On April 10, 2019 the Company's shareholders approved a new equity incentive plan which included a pool of an additional 6,000,000 shares in addition to the shares remaining available for grant under the 2015 plan, See note 8.

In the three months ended March 31, 2019 and 2018, the Company granted options as follows:

	Three months ended March 31, 2019			
	Award amount	Exercise price range	Vesting period	Expiration
Employees:				
Options	897,736	\$ 3.56-\$3.81	4 years	10 years
RSUs	274,628	-	4 years	-

	Three month ended March 31, 2018			
	Award amount	Exercise price range	Vesting period	Expiration
Employees:				
Options	488,843	\$ 6.35-\$6.40	4 years	10 years
RSUs	103,448	-	4 years	-

The fair value of options and RSUs granted to employees during the three months ended March 31, 2019, and the three months ended March 31, 2018 was \$2,736 and \$2,305 respectively.

FOAMIX PHARMACEUTICALS LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(U.S. dollars in thousands, except share and per share amounts)

NOTE 5 - SHARE CAPITAL (continued):

The fair value of RSUs granted to employees is based on the share price on grant date and was computed using the Black-Scholes model. The underlying data used for computing the fair value of the options are as follows:

	Three months ended March 31	
	2019	2018
Value of ordinary share	\$ 3.32-\$3.83	\$ 5.99
Dividend yield	0%	0%
Expected volatility	61.2%-61.4%	62.1%
Risk-free interest rate	2.55%-2.62%	2.75%
Expected term	6 years	6 years

The following table illustrates the effect of share-based compensation on the statements of operations:

	Three months ended March 31	
	2019	2018
Research and development expenses	\$ 354	\$ 891
Selling, general and administrative	596	863
Total	\$ 950	\$ 1,754

NOTE 6 – COMMITMENTS

Operating lease agreements

The Company leases office space for its headquarters and research and development facilities in Israel and the United States under several lease agreements. The lease agreement for the facilities in Israel are linked to the Israeli CPI and due to expire in December 2020.

The lease agreement in the United States was due to expire during March 2019. On March 13, 2019, the Company signed an amendment to the original lease agreement. The amendment includes an extension of the lease period of the 10,000 square feet currently leased under the original agreement (the "Current Space") and an addition of 4,639 square feet (the "Additional Space"). The Company will enter the Additional Space following a period of preparation by the lessor which is expected to be completed no later than August 1, 2019 (the "Commencement Date").

On March 13, 2019, pursuant to the extension of the lease on the Current Space, the Company recognized an additional right of use asset and liability in the amount of \$713. The Additional Space is considered a new lease agreement and will be recognized only on Commencement Date. As of March 31, 2019, the expected right of use asset and liability of the Additional Space to be recognized on the Commencement Date is \$333.

In July 2017, the Company has entered into operating lease agreements in connection with a number of vehicles. The lease periods are generally for three years and the payments are linked to the Israeli CPI. To secure the terms of the lease agreements, the Company has made certain prepayments to the leasing company, representing approximately three months of lease payments. These amounts have been recorded as part of the operating lease right to use assets.

FOAMIX PHARMACEUTICALS LTD.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(U.S. dollars in thousands, except share and per share amounts)

NOTE 6 – COMMITMENTS (continued):

Operating lease costs for the three months ended March 31, 2019, are as follows:

	Three months ended March 31 2019
Office lease expenses	\$ 182
Vehicles lease expenses	\$ 25

Cash paid for amounts included in the measurement of lease liabilities are as follows:

	Three months ended March 31 2019
Office lease	\$ 201
Vehicles lease	\$ 36

Supplemental information related to leases are as follows:

	March 31 2019
Operating lease right-of-use assets	\$ 1,934
Operating lease liabilities	\$ 1,937
Weighted average remaining lease term	2.4 years
Weighted average discount rate	5.54%

Maturities of lease liabilities are as follows:

2019	\$ 695
2020	954
2021	279
2022	150
Total lease payments	\$ 2,078
Less imputed interest	\$ (141)
Total lease liability	\$ 1,937

The Company has a lien in the amount of \$137 on the Company's marketable securities in respect of bank guarantees granted in order to secure the lease agreements.

The Company elected the alternative modified transition method and included the following table previously disclosed.

Future minimum lease commitments under non-cancelable operating lease agreements as of December 31, 2018 were as follows:

2019	\$ 746
2020	682
2021 and thereafter	21
Total	\$ 1,449

FOAMIX PHARMACEUTICALS LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(U.S. dollars in thousands, except share and per share amounts)

NOTE 7 - ENTITY-WIDE DISCLOSURE:

- a. Net revenues by geographic area were as follows:

	Three months ended March 31	
	2019	2018
United States	\$ -	\$ 62
Denmark	308	-
Germany	-	844
Total revenues	<u>\$ 308</u>	<u>\$ 906</u>

- b. Customers exceeding 10% of revenues:

In each of the three months ended March 31, 2019 and March 31, 2018 the Company had one customer exceeding over 10% of total revenues. Revenues from the customers were \$308 and \$844 during the three months ending March 31, 2019, and March 31, 2018, respectively.

- c. Net revenues by type of payment:

	Three months ended March 31	
	2019	2018
Development service payments	\$ -	\$ 62
Royalties	308	844
Total revenues	<u>\$ 308</u>	<u>\$ 906</u>

NOTE 8 - SUBSEQUENT EVENTS:

On April 10, 2019, the Company's shareholder approved the following: (i) a new employee incentive plan including an additional pool of 6,000,000 shares for grant; (ii) an employee share purchase plan with a pool of 5,400,000 shares for purchase; and (iii) an increase to the Company's authorized shares of 45,000,000 shares NIS 0.16 per share.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with (i) our condensed consolidated financial statements and the notes thereto included elsewhere in this quarterly report on Form 10-Q (ii) our audited consolidated financial statements and related notes and management's discussion and analysis of financial condition and results of operations included in our annual report on Form 10-K for the year ended December 31, 2018 filed with the SEC on February 28, 2019. This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act. These statements are often identified by the use of words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "will," "would" or the negative or plural of these words or similar expressions or variations. Such forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein, and those referred in the section titled "Risk Factors", set forth in Part II, Item 1A of this quarterly report on Form 10-Q, if any, and in our other SEC filings. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. These statements, like all statements in this report, speak only as of the date of this quarterly report on Form 10-Q (unless another date is indicated), and, except as required by law, we undertake no obligation to update or revise these statements in light of future developments.

Company Overview

We are a late clinical-stage specialty pharmaceutical company focused on developing and commercializing our proprietary, innovative and differentiated topical drug candidates for dermatological therapy. Our lead product candidate, FMX101 (4% minocycline foam), is being developed for the treatment of moderate-to-severe acne and our second product candidate, FMX103 (1.5% minocycline foam), is being developed for the treatment of moderate-to-severe papulopustular rosacea. Both product candidates are novel topical foam formulations of the antibiotic minocycline and were developed using our *Molecule Stabilizing Technology*, a proprietary foam platform designed to optimize the topical delivery of minocycline, an active pharmaceutical ingredient, or API, that is currently available only in oral form despite its prevalent use in dermatology.

We announced positive top-line results from both of our Phase III clinical trials for each of FMX101 and FMX103 in the second half of 2018. We submitted our new drug application, or NDA, to the FDA, for FMX101 in December 2018, and expect to submit an NDA for FMX103 in mid-2019. In March 2019, we announced that the FDA accepted our NDA for FMX101 for review, with a targeted Prescription Drug User Fee Act, or PDUFA, action date of October 20, 2019. We cannot provide any assurances or predict with any certainty the schedule for which we will, if at all, receive approval from the FDA with respect to FMX101 or FMX103. See "Key Developments" below. Despite the considerable U.S. market opportunities for acne and rosacea, we believe these markets are currently underserved and commonly treated by oral prescription products such as minocycline and doxycycline and various non-minocycline topical therapies. If approved, we believe FMX101 and FMX103 have the potential to provide first-in-class topical treatments for millions of people who suffer from their respective indications.

Our corporate strategy is to develop and solidify a commercial presence in acne and rosacea by obtaining FDA approval for, and launching our lead product candidates, FMX101 and FMX103, in the United States. We may also enter into partnerships with third parties to reach other geographic territories or therapeutic fields through their respective sales forces and infrastructure. Following these near-term goals, we intend to grow beyond these indications into other dermatological indications, and to diversify our product and commercial development beyond minocycline and the tetracycline class of antibiotics. We are currently developing additional foam and other topical products for acne, rosacea and other dermatology indications in vehicle platforms designed to enhance delivery of their respective APIs. We are also evaluating diversifying into synergistic technologies and specialties either on our own or through partnerships.

FMX101 is a product candidate containing micronized minocycline hydrochloride, an antibiotic in the tetracycline class, in a 4% concentration for the treatment of moderate-to-severe acne vulgaris. The active pharmaceutical ingredient is suspended in our *Molecule Stabilizing Technology* foam vehicle, an elegant, light-feeling topical foam that is easily spread across wide areas of the skin. In September 2018, we announced our third Phase III clinical trial of FMX101 (Study FX2017-22) met both of its co-primary endpoints, demonstrating a statistically significant reduction in the number of inflammatory lesions and a statistically significant improvement in patients' Investigator's Global Assessment, or IGA, scores, a metric commonly used to measure efficacy in acne trials. These positive results followed the results from our initial two Phase III clinical trials of FMX101 that we announced in 2017, where both co-primary endpoints were met in one trial (Study FX2014-05) and one of the two co-primary endpoints showed statistical significance in the other trial (Study FX2014-04). We embarked on our third Phase III trial (Study FX2017-22) following a Type B meeting with the FDA in which the FDA confirmed that replicating the results of Study FX2014-05 would likely support an efficacy claim for FMX101. In addition to the positive Study FX2017-22 efficacy results, very few safety adverse events (and no treatment-related serious adverse events) were observed both in Study FX2017-22 and in the 40-week open label safety portion of Studies FX2014-04 and FX2014-05 that we concluded in January 2018.

FMX103 is a product candidate also containing micronized minocycline hydrochloride suspended in our *Molecule Stabilizing Technology* vehicle, at a lower 1.5% concentration, for the treatment of moderate-to-severe papulopustular rosacea. In November 2018, we announced that both of our Phase III clinical trials for FMX103 (Studies FX2016-11 and FX2016-12) met each of their co-primary endpoints, demonstrating a statistically significant reduction in inflammatory lesion counts and IGA treatment success of approximately 50% from baseline. There were no treatment-related serious adverse events, very few reported adverse events and positive user-experience reports overall in these Phase III clinical trials as well as in the 40-week open label safety extension (Study FX2016-13) that was recently completed in February 2019.

We developed FMX101 and FMX103 using our proprietary *Molecule Stabilizing Technology* foam-based technology platform that was optimized for delivery of minocycline hydrochloride, a characteristically unstable small molecule, through the skin. We are currently developing in-house a pipeline of other innovative products to enhance our minocycline platform, including FCD105, a product candidate for the treatment of acne vulgaris that combines minocycline with a retinoid and which we anticipate evaluating in a Phase II clinical trial (Study FX2016-40) beginning in mid-2019. We are also currently reviewing potential acquisitions of pipeline products at various stages of development that could be incorporated into our vehicle for optimized delivery.

In addition, we have other proprietary delivery technologies in development that enable topical delivery of other APIs, each having unique pharmacological features and characteristics designed to keep the API stable when delivered and directed to the target site. We are conducting research and are in the early stages of in-house development of FMX110, a topical gel formulation of doxycycline hyclate for the treatment of papulopustular rosacea, and FMX109, a non-tetracycline acne product candidate that contains a combination of nicotinamide and a retinoid for the treatment of moderate-to-severe acne vulgaris. We believe our foam and other topical delivery platforms may offer significant advantages over alternative delivery options and are suitable for multiple application sites across a range of conditions.

In addition to our in-house development projects, we have entered into development and license agreements relating to our technology with various pharmaceutical companies, most notably with LEO Pharma A/S, or LEO, who assumed a license agreement we initially entered into with Bayer HealthCare AG, or Bayer. In 2015, Bayer received FDA approval for Finacea[®] Foam (15% azelaic acid), or Finacea, a prescription foam product for the treatment of rosacea, which utilizes an emulsion-based proprietary foam platform that we licensed to them that is different from our surfactant-free foam platform that supports our lead product candidates. Bayer began selling Finacea in the United States in the third quarter of 2015, and in September 2018, LEO acquired Finacea from Bayer and assumed all rights and responsibilities under our initial license agreement with Bayer. Together with LEO, we are litigating against several generic pharmaceutical companies for alleged infringement of certain of our patents following the generic companies' submission of abbreviated new drug applications with the FDA, seeking approval to manufacture and sell generic versions of Finacea. We recently settled our litigation against Perrigo FINCO UK Limited Partnership, or Perrigo, but our litigation against two other companies, Teva Pharmaceuticals USA, Inc. and Taro Pharmaceutical Industries, Ltd. and its affiliates, remains ongoing.

We have also out-licensed other foam technology platforms to other third parties to develop branded pharmaceutical products containing different APIs for potential commercialization that are in the early stages of development.

We continue to be an “emerging growth company,” as defined in Section 2(a) of the Securities Act and as modified by the JOBS Act. As such, we are eligible to, and take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not “emerging growth companies,” such as not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002. We will remain an emerging growth company until the earliest of: (i) the last day of our fiscal year during which we have total annual gross revenues of at least \$1.07 billion; (ii) the last day of our fiscal year following the fifth anniversary of the closing of our initial public offering, specifically, December 31, 2019; (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 with at least \$700 million of equity securities held by non-affiliates.

We are also currently a “smaller reporting company,” as defined in Rule 12b-2 of the Exchange Act. In the event we are still a smaller reporting company when we cease being an emerging growth company, we will be able to continue to take advantage of certain reduced or scaled disclosure requirements, for as long as we continue to have smaller reporting company status.

Key Developments

Below is a summary of selected key developments affecting our business that have occurred since December 31, 2018:

- On January 23, 2019, Ms. Sharon Barbari was appointed as a member of our board of directors. Dr. Dalia Megiddo resigned from our board of directors, effective April 10, 2019, the date of our annual general meeting.
- On March 7, 2019, we announced that the FDA accepted for review our NDA for FMX101 and set October 20, 2019 as the targeted PDUFA action date. In April, the FDA conducted a pre-approval inspection of our U.S. offices in conjunction with its review of our NDA for FMX101 and made some minor inspectional observations that are being addressed, which we do not believe will adversely impact the FDA’s review of our NDA for FMX101. We are seeking approval of FMX101 for the treatment of inflammatory lesions of non-nodular moderate-to-severe acne vulgaris in patients nine years of age and older. Our NDA submission includes the previously-communicated results from our two Phase III trials, Studies FX2014-05 and FX2017-22, and also incorporates information on chemistry manufacturing and controls, and data from non-clinical toxicology studies on FMX101.
- On April 2, 2019, we announced that, together with LEO Pharma, we have settled the Hatch-Waxman litigation with Perrigo, relating to Finacea® Foam.
- Our partner, LEO, recently informed us that batches of Finacea produced by the contract manufacturer have failed to meet the required specifications for the finished product. As a result, LEO has not been able to deliver the same quantity of Finacea for sale, which has decreased the royalty payments from LEO to us for sales of Finacea. In the three months ended March 31, 2019, our total revenue decreased by \$598 thousand or 66% to \$308 thousand compared to \$906 thousand in the three months ended March 31, 2018. LEO has informed us that they are working diligently to address the issue in order to be able to produce sufficient supply of the finished product to meet the demand for Finacea in the market. This supply chain issue for Finacea is not related to the manufacturing, production or supply of any of our products, including FMX101 and FMX103.

Revenues

To date, we have not generated any revenues from sales of FMX101, FMX103 or any of our other product candidates. We will not commercially launch FMX101 or our other product candidates in the United States or generate any revenues from sales of any of our product candidates until after obtaining marketing approval, which we do not expect before the end of 2019. Our ability to generate revenues from sales will depend on the successful commercialization of FMX101, FMX103 and our other product candidates.

As of March 31, 2019, we generated cumulative revenues of approximately \$32.0 million under development and license agreements, of which approximately \$18.4 million were development service payments, approximately \$3.1 million were contingent payments and \$10.5 million were royalty payments. The royalties were paid in relation to Finacea, the prescription foam product that we developed in collaboration with Bayer. In the three months ended March 31, 2019, we received (or became entitled to receive) royalty payments in an amount of \$0.3 million. We may become entitled to additional contingent payments, subject to achievement of the applicable clinical results by our other licensees. In light of the current phase of development under these agreements, we do not expect to receive significant payments in the near term, if at all.

Cost of Revenues

There was no cost of revenues for the three months ended March 31, 2019 and 2018, as revenues consist almost entirely of royalties, which do not bear related cost of revenue.

We do not expect substantial changes in cost of revenue unless and until we obtain regulatory approval for our lead product candidates and begin serial production of such products, whether internally or through third party manufacturers, at which point we expect our cost of revenues to grow along with the growth of our sales and inventory needs.

Operating Expenses

Research and development expenses

Research and development activities are, and will continue to be, central to our business. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect to incur significant research and development costs in the foreseeable future assuming our pipeline products progress into clinical trials. However, we do not believe that it is possible at this time to accurately project total program-specific expenses to reach commercialization. There are numerous factors associated with the successful commercialization of any of our product candidates, including future trial design and various regulatory requirements, many of which cannot be determined with accuracy at this time based on our stage of development. Additionally, future commercial and regulatory factors beyond our control will affect our clinical development programs and plans.

Our research and development expenses relate primarily to the development of FMX101 and FMX103. From January 1, 2007 until March 31, 2019, we cumulatively spent approximately \$180.2 million on research and development of FMX101, FMX103 and our other product candidates. Our total research and development expenses for the three-month periods ended March 31, 2019 and 2018 were approximately \$10.8 and \$22.8 million, respectively. We charge all research and development expenses to operations as they are incurred. We expect research and development expenses to lessen in the near term due to the completion of our Phase III clinical trials for FMX101 and FMX103.

The successful development of our product candidates is highly uncertain. While we have a filed an NDA for FMX101 and expect to file one for FMX103, we cannot provide any assurances or predict with any certainty the schedule on which we will, if at all, receive approval from the FDA with respect to either of FMX101 and FMX103. As such, at this time, we cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary to complete the remainder of the development of our technology for additional indications. This uncertainty is due to numerous risks and variables associated with developing products, including the uncertainty of:

- the scope, rate of progress and expense of our research and development activities;
- preclinical results;
- clinical trial results;
- the terms and timing of regulatory approvals; and
- our ability to file, prosecute, obtain, maintain, defend and enforce patents and other intellectual property rights and the expense of filing, prosecuting, obtaining, maintaining, defending and enforcing patents and other intellectual property rights;

A change in the outcome of any of these variables with respect to the development of our product candidates could result in a significant change in the costs and timing associated with their development. For example, if the FDA or foreign regulatory authority were to require us to conduct preclinical studies and clinical trials beyond those which we currently anticipate for the completion of clinical development of our product candidates, or if we experience significant delays in enrollment in any clinical trials, we could be required to expend significant additional time and financial resources on the completion of the clinical development.

Research and development expenses consist primarily of:

- employee-related expenses, including salaries, benefits and related expenses, including share-based compensation expenses;
- expenses incurred under agreements with third parties, including subcontractors, suppliers and consultants that conduct regulatory activities, clinical trials and preclinical studies;
- expenses incurred to acquire, develop and manufacture clinical trial materials;
- facilities, depreciation and other expenses, which include direct and allocated expenses for rent and maintenance of facilities, insurance, and other operating costs; and
- other costs associated with preclinical and clinical activities and regulatory operations.

Selling, general and administrative expenses

Our selling, general and administrative expenses consist principally of:

- employee-related expenses, including salaries, benefits and related expenses, including share-based compensation expenses;
- costs associated with market research and business development activities in preparation for future marketing and sales, including activities intended to select the most promising product candidates for further development and commercialization;
- legal and professional fees for auditors and other consulting expenses not related to research and development activities or to market research or business development activities;
- cost of office space, communication and office expenses;
- information technology expenses;
- depreciation of tangible fixed assets related to our general and administrative activities or to our market research and business development activities; and
- costs associated with filing, prosecuting, obtaining and maintaining patents and other intellectual property.

As part of our growth strategy, we have begun building up our dedicated U.S. marketing and business development team and infrastructure, and we intend to further increase such U.S. infrastructure, as well as expand our marketing effort to new markets. We therefore expect selling and marketing expenses to increase in absolute terms as a percentage of our revenues. Our total selling, general and administrative expenses for the three months ended March 31, 2019 and 2018 were approximately \$5.3 and \$3.8 million, respectively.

Our ability to commercialize FMX101 and FMX103 successfully, if approved, is highly uncertain and depends on a number of factors, including market adoption of our product candidates by physicians and patients, market access uncertainty, our ability to scale to the market opportunity and the existence of existing and future products that may compete with ours. As such, at this time, we cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary for successful commercialization of our product candidates, if approved.



Financial Income

Financial income consists primarily of gains from interest earned from our bank deposits and financial income on our marketable securities.

Taxes on Income

We have yet to generate taxable income in Israel, as we have historically incurred operating losses resulting in carry forward tax losses totaling approximately \$146.7 million as of December 31, 2018. During 2018, we incurred a carry forward tax loss in our U.S. subsidiary, Foamix Pharmaceuticals Inc., of \$0.4 million. We anticipate that we will be able to carry forward these tax losses to future tax years. Accordingly, we do not expect to pay taxes in the applicable jurisdiction until we have taxable income after the full utilization of our carry-forward tax losses in that jurisdiction. We provided a full valuation allowance with respect to the deferred tax assets related to these carry-forward losses.

Comparison of the Three-Month Periods Ended March 31, 2019 and 2018

Revenues

Our total revenues decreased by \$0.6 million, or 66%, to \$0.3 million in the three months ended March 31, 2019, from \$0.9 in the three months ended March 31, 2018. The decrease is due to the failure of LEO's contract manufacturer of Finacea to meet the required specifications for the finished product, which resulted in the inability of LEO to deliver the same quantity of Finacea for sale, which in turn decreased our royalty payments. LEO has informed us that they are working diligently to address the issue in order to be able to produce sufficient supply of the finished product to meet the demand for Finacea in the market. This supply chain issue for Finacea is not related to the manufacturing, production or supply of any of our products, including FMX101 and FMX103.

Cost of revenues

There was no cost of revenues for the three-month periods ended March 31, 2019 and 2018, as revenues consist almost entirely of royalties, which bear no related cost of revenue.

Research and development expenses

Our research and development expenses for the three months ended March 31, 2019 were \$10.8 million, representing a decrease of \$12.0 million, or 52.6%, compared to \$22.8 million for the three months ended March 31, 2018. The decrease in research and development expenses resulted primarily from a decrease of \$13.8 million in clinical trial expenses due to the completion of FMX101 and FMX103 clinical trials, offset by an increase of \$0.6 million in payroll and payroll-related expenses due to an increase in headcount and salaries, and \$0.6 million increase in consulting expenses.

Selling, general and administrative expenses

Our general and administrative expenses for the three months ended March 31, 2019 were \$5.3 million, representing an increase of \$1.5 million, or 39.4%, compared to \$3.8 million for the three months ended March 31, 2018. The increase in selling, general and administrative expenses resulted primarily from an increase of \$1.4 million in expenses mostly relating to pre-commercialization activities and market research.

Operating loss

As a result of the foregoing, our operating loss for the three months ended March 31, 2019 was \$15.9 million, compared to an operating loss of \$25.7 million for the three months ended March 31, 2018, a decrease of \$9.8 million, or 38.1%.

Finance income

In the three-month periods ended March 31, 2019 and 2018, our financial income included mostly gains from marketable securities and interest earned on our bank deposits.

The finance expenses (income) by cash and non-cash components are as follows:

	Three months ended March 31,	
	2019	2018
	(in thousands of U.S. dollars)	
Interest on bank deposits	\$ (179)	\$ (57)
Gain from marketable securities, net	(357)	(106)
Total income	(536)	(163)
Less:		
Other expenses	4	3
Foreign exchange loss, net	28	87
Total expenses	32	90
Finance income, net	\$ (504)	\$ (73)

Taxes on income

During the three-month periods ended March 31, 2019 and 2018, we incurred tax income of \$176,000 and tax expenses of \$330,000, respectively. The tax income recognized during the three months ended March 31, 2019 relates to the reversal a provision for uncertain tax positions.

Net Loss

Our net loss for the three months ended March 31, 2019 was \$15.2 million, compared to \$26.0 million for the three months ended March 31, 2018, a decrease of \$10.8 million, or 42%.

Liquidity

Since our inception, we have incurred losses from operations and negative cash flows from our operations. For the three months ended March 31, 2019 we incurred a net loss of \$15.2 million, which included \$16.6 million used for operating activities. For the three months ended March 31, 2018 we incurred a net loss of \$26.0 million, which included \$23.2 million used for operating activities.

As of March 31, 2019, and March 31, 2018, we had a working capital surplus of \$75.7 million and \$38.4 million, respectively, and an accumulated deficit of \$230.6 million and \$167.2 million, respectively.

Our principal source of liquidity as of March 31, 2019 consisted of cash and investments of \$82.9 million.

On April 13, 2018, we entered into a Securities Purchase Agreement with OrbiMed Partners Master Fund Limited, or OrbiMed, pursuant to which we agreed to issue and sell, in a registered offering under an effective shelf registration statement, an aggregate of 2,940,000 Ordinary Shares, at a purchase price equivalent to \$5.50 per share, for aggregate net proceeds of approximately \$16.1 million, after deducting offering expenses. The closing of the issuance and sale of these securities took place on April 16, 2018.

On September 18, 2018, we completed an additional follow-on offering under our effective shelf registration statement in which we sold 11,670,000 Ordinary Shares at a price of \$6.00 per share, raising net proceeds, after expenses and underwriter commissions, of approximately \$65.6 million. After the closing of the offering, the underwriters exercised an option to purchase 1,750,500 additional Ordinary Shares at the per share price of the offering. The proceeds from the exercise of the option, net of expenses and underwriter commissions, were approximately \$9.8 million, bringing the total net proceeds from the offering to approximately \$75.4 million.

We anticipate that with our existing cash and investments we will be able to fund our planned operating expenses and capital expenditure requirements through mid-2020. These planned expenses include: (a) pre-commercialization and launch preparations for FMX101, assuming we receive regulatory approval, (b) full development and filing of an NDA for FMX103, which we expect to submit in mid-2019, and (c) certain pipeline development activities. We expect we will need additional funding to support our operating expenses and capital requirements for the second half of 2020 and beyond, including with regard to the commercialization of any of our product candidates if they are granted regulatory approval, and to fund our internal and external research and development efforts. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect.

Capital Resources

Overview

To date, we have financed our operations through private and public placements of our Ordinary Shares, convertible loans and through fees, cost reimbursements and royalties received from our licensees.

From inception through March 31, 2019 we have received net cash proceeds of approximately \$280.1 million from the issuance of Ordinary Shares, preferred shares, exercise of options and warrants and from convertible loans.

Cash flows

The following table summarizes our statement of cash flows for the three-month periods ended March 31, 2019 and 2018:

	Three months ended March 31,	
	2019	2018
	(in thousands of U.S. dollars)	
Net cash (used in) / provided by:		
Operating activities	\$ (16,642)	\$ (23,193)
Investing activities	7,739	20,008
Financing activities	16	-

Net cash used in operating activities

The use of cash in all periods resulted primarily from our net losses adjusted for non-cash charges and measurements and changes in components of working capital. Adjustments to net income for non-cash items mainly include depreciation and amortization and share-based compensation.

Net cash used in operating activities was \$16.6 million in the three months ended March 31, 2019, compared to \$23.2 million in the three months ended March 31, 2018. The decrease was attributable primarily to the decrease in activity related to clinical trials.

Net cash provided by investing activities

Net cash provided by investing activities was \$7.7 million in the three months ended March 31, 2019, compared to \$20.0 million in the three months ended March 31, 2018. The decrease in investing activities was attributable primarily to a decrease in proceeds from the sale and maturity of marketable securities and bank deposits.

Net cash provided by financing activities

There was \$16,000 provided by financing activities in the three months ended March 31, 2019, compared to none in the three months ended March 31, 2018. The increase was attributable to proceeds from exercise of options.

Cash and funding sources

The table below summarizes our main sources of financing for the three-month periods ended March 31, 2019 and 2018:

	Proceeds from our underwritten public offerings ⁽¹⁾	Proceeds from our direct public offerings	Proceeds from issuance of Ordinary Shares	Payments from licensees	Total
Three months ended March 31, 2019	-	-	16,000	206,000	222,000
Three months ended March 31, 2018	-	-	-	989,000	989,000

⁽¹⁾ Net of issuance costs.

Our sources of financing in the three months ended March 31, 2019 totaled \$222,000 and consisted mainly of payments from licensees.

Our sources of financing in the three months ended March 31, 2018 totaled \$989,000 and consisted of payments from licensees.

We have no ongoing material financial commitments (such as lines of credit) that may affect our liquidity over the next five years.

Funding requirements

We anticipate that with our existing cash and investments we will be able to fund our planned operating expenses and capital expenditure requirements through mid-2020. These planned expenses include: (a) full development and filing of an NDA for FMX103, which we expect to submit in mid-2019, (b) certain pipeline development activities, and (c) any pre-commercialization and launch preparations for FMX101 in anticipation of possible regulatory approval. We expect we will need additional funding to support our operating expenses and capital requirements for 2020 and beyond, including with regard to the commercialization of our product candidates and to fund our internal and external research and development efforts. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect.

Our present and future funding requirements will depend on many factors, including, inter alia:

- the progress, timing and completion of preclinical testing and clinical trials for pipeline product candidates;
- selling, marketing and patent-related activities undertaken in connection with the anticipated commercialization of FMX101, FMX103 and any other product candidates, as well as costs involved in the development of an effective sales and marketing organization;
- the time and costs involved in obtaining regulatory approval for FMX101, FMX103 and our other pipeline product candidates and any delays we may encounter as a result of evolving regulatory requirements or adverse results with respect to any of these products;
- the number of potential new products we identify and decide to develop;
- the costs involved in filing and prosecuting patent applications and obtaining, maintaining and enforcing patents or defending against claims or infringements raised by third parties, and license royalties or other amounts we may be required to pay to obtain rights to third party intellectual property rights; and
- the amount of revenues, if any, we may derive either directly or in the form of royalty payments from future sales of FMX101, FMX103 and any other pipeline product that is commercialized.

Our operating plan may change as a result of many factors currently unknown to us, and any such change may affect our funding requirements. We have never before launched a product commercially, and the costs involved in such commercial launch may exceed our expectations. We may therefore need to seek additional capital sooner than planned, through public or private equity or debt financings or other sources, such as strategic collaborations or additional license arrangements. Such financings may result in dilution to shareholders, imposition of debt covenants and repayment obligations or other restrictions that may affect our business.

For more information as to the risks associated with our future funding needs, see “Part I, Item 1A—Risk Factors—Risks Related to Our Business and Industry—We will require substantial additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our product development, other operations or commercialization efforts” in our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on February 28, 2019.

Our capital expenditures for the three-month periods ended March 31, 2019 and 2018 amounted to \$138,000 and \$122,000, respectively. During the three months ended March 31, 2019, these expenditures were primarily related to laboratory equipment and leasehold improvements.

Off-Balance Sheet Arrangements

As of March 31, 2019, we did not have any off-balance sheet arrangements.

Contractual Obligations

In March 2019 we signed an amendment to our current lease agreement for our executive offices in the United States which are located in Bridgewater, New Jersey. Pursuant to the amendment we will lease a total of approximately 15,000 square feet of office space for 36 months following a preparation period by the lessor, expected to end August 1, 2019.

Critical Accounting Policies and Significant Judgments and Estimates

We prepare our consolidated financial statements in accordance with generally accepted accounting principles in the United States. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

While our significant accounting policies are more fully described in Note 2—“Significant Accounting Policies,” to the consolidated financial statements included in “Item 8—Financial Statements and Supplementary Data” of our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on February 28, 2019, and in Note 2, “Significant Accounting Policies,” in the accompanying notes to our unaudited condensed consolidated financial statements, we believe that the following accounting policies are the most critical to assist shareholders and investors reading the consolidated financial statements in fully understanding and evaluating our financial condition and results of operations. These policies relate to the more significant areas involving management’s judgments and estimates and they require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Clinical trial accruals

Clinical trial costs are charged to research and development expense as incurred. We accrue for expenses resulting from obligations under contracts with clinical research organizations, or CROs. The financial terms of these contracts are subject to negotiations, which vary from contract to contract and may result in payment flows that do not match the periods over which materials or services are provided. Our objective is to reflect the appropriate trial expense in the consolidated financial statements by matching the appropriate expenses with the period in which services and efforts are expended. In the event advance payments are made to a CRO, the payments will be recorded as other assets, which will be recognized as expenses as services are rendered. The CRO contracts generally include pass-through fees including, but not limited to, regulatory expenses, investigator fees, travel costs and other miscellaneous costs. We estimate our clinical accruals based on reports from and discussion with clinical personnel and the CRO as to the progress or state of completion of the trials. We estimate accrued expenses as of each balance sheet date in the consolidated financial statements based on the facts and circumstances known at that time. Our clinical trial accrual is dependent, in part, upon the receipt of timely and accurate reporting from the CROs.

Recently Issued Accounting Pronouncements

For a discussion of certain recently issued accounting pronouncements, refer to Note 2, “Significant Accounting Policies,” in the accompanying notes to the condensed consolidated financial statements.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

As a “smaller reporting company,” as defined by Item 10 of Regulation S-K, we are not required to provide quantitative or qualitative disclosures about market risk.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including its chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act and regulations promulgated thereunder) as of March 31, 2019. Based on such evaluation, those officers have concluded that, as of March 31, 2019, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings

From time to time, we may become involved in litigation or other legal proceedings relating to claims that we consider to be arising from the ordinary course of our business. There are currently no claims or actions pending against us that, in the opinion of our management, are likely to have a material effect on our business.

ITEM 1A. Risk Factors

There have been no material changes from the risk factors disclosed in “Part I, Item 1A—Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on February 28, 2019.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

ITEM 3. Defaults Upon Senior Securities

Not applicable.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

On May 6, 2019, the Company entered into amendments to the offer letter agreement with Mutya Harsch, the Company's Chief Legal Officer, and to the employment agreement with Ilan Hadar, the Company's Chief Financial Officer.

The amendment to Ms. Harsch's offer letter agreement provides that if her employment is terminated by the Company without "cause," or she terminates her employment with "good reason," within the six month period before, or the twelve month period after a "change of control" (each as defined in the offer letter amendment), she will be entitled to receive a change of control payment equal to (1) twelve months of her then current base salary and (2) a reimbursement of her COBRA premiums until the earlier of (a) the first anniversary of her date of termination of employment or (b) the date on which she becomes covered under another employer's medical plan. In addition, in the event of such a termination, all of Ms. Harsch's unvested share options and restricted share units will become fully vested.

The amendment to Mr. Hadar's employment agreement provides that if the employee's employment is terminated by the Company without "cause" or by the employee for "good reason" within the six month period before, or the twelve month period after a "change of control" (each as defined in the amendments to the employment agreements), (1) the employees will be entitled to receive a payment equal to eighteen months of the employee's then current salary and (2) all of the employee's unvested share options and restricted share units will become fully vested.

The foregoing descriptions of the amendments do not purport to be complete and are qualified in their entirety by reference to the amendment to the offer letter and the amendment to the employment agreement, which are attached to this Quarterly Report on Form 10-Q as Exhibit 10.2 and 10.3, respectively, and are incorporated herein by reference.

ITEM 6. Exhibits

Exhibit Number	Description Of Document	Form	SEC File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Articles of Association of Foamix Pharmaceuticals Ltd.					X
10.1	Amendment to Lease Agreement, dated March 13, 2019, between Foamix Pharmaceuticals Inc. and S/K 520 Associates					X
10.2#	Amendment to offer letter agreement between Foamix Pharmaceuticals Inc. and Mutya Harsch					X
10.3#	Form of amendment to employment agreement between Foamix Pharmaceuticals Ltd. and Ilan Hadar					X
10.4#	Form of Share Option Grant Notice and Option Agreement under the Foamix Pharmaceuticals Ltd. 2019 Equity Incentive Plan					X
10.5#	Form of Restricted Share Unit Grant Notice and Restricted Share Unit Award Agreement under the Foamix Pharmaceuticals Ltd. 2019 Equity Incentive Plan					X
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1*	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2*	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Document					X
101.LAB	XBRL Taxonomy Extension Label Document					X
101.PRE	XBRL Taxonomy Presentation Linkbase Document					X

Indicates management contract or compensatory plan.

* These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Exchange Act, as amended, and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FOAMIX PHARMACEUTICALS LTD.

Date: May 7, 2019

By: /s/ David Domzalski

David Domzalski
Chief Executive Officer
(Principal Executive Officer)

Date: May 7, 2019

By: /s/ Ilan Hadar

Ilan Hadar
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

ARTICLES OF ASSOCIATION
OF
FOAMIX PHARMACEUTICALS LTD.
A COMPANY LIMITED BY SHARES
UNDER THE COMPANIES LAW, 5759 – 1999

1. INTERPRETATION

1.1. In these Articles, unless the context requires otherwise, the following capitalized terms shall have the meanings set opposite them:

“**Alternate Nominee**” has the meaning set out in Article 17.2;

“**Articles**” means these Articles of Association, as may be amended from time to time by a Resolution (as defined below);

“**Board**” means all of the directors of the Company holding office pursuant to these Articles, including alternates, substitutes or proxies;

“**Business Day**” means any day other than a Saturday, Sunday and any day in which banks in Israel are closed or in which the NASDAQ Stock Market is closed.

“**Chairman of the Board**” has the meaning set out in Article 18.4;

“**Companies Law**” the Israeli Companies Law, 5759-1999, as amended from time to time, including the regulations promulgated thereunder, or any other law which may come in its stead, including all amendments made thereto;

“**Company**” means Foamix Pharmaceuticals Ltd.;

“**Compensation Committee**” has the meaning set out in the Companies Law;

“**Derivative Transaction**” has the meaning set out in Article 14.5;

“**Effective Time**” means the closing of the initial underwritten public offering of the Company’s ordinary shares, at which time these Articles shall first become effective;

“**External Director**” has the meaning set out in the Companies Law;

“**General Meeting**” means either an annual or an extraordinary meeting of the shareholders;

“**Incapacitated Person**” has the meaning set out in the Israeli Legal Capacity and Guardianship Law, 5722-1962, as amended from time to time, including a minor who has not yet attained the age of 18 years, a person of unsound mind and a bankrupt person in respect of whom no rehabilitation has been granted;

“**Nominees**” has the meaning set out in Article 17.2;

“**Office**” means the registered office of the Company at that time;

“**Office Holder**” has the meaning set out in the Companies Law;

“**Proposal Request**” has the meaning set out in Article 14.5;

“**Proposing Shareholder**” has the meaning set out in Article 14.5;

“**Register**” means the register of shareholders administered in accordance with the Companies Law;

“**Rights**” has the meaning set out in Article 26.8;

“**Special Fund**” has the meaning set out in Article 26.8:

“**U.S. Rules**” means the applicable rules of the NASDAQ Stock Market and the U.S. securities rules and regulations, as amended from time to time; and

- 1.2. Reference to “writing”, “written” or similar expressions in these Articles means handwriting, typewriting, photography, telex, email or any other legible form of writing. Reference to a “person” or “persons” shall also include corporations, companies, cooperative societies, partnerships, trusts of any kind or any other body of persons, whether incorporated or otherwise.
- 1.3. Subject to the provisions of this Article 1 and unless the context necessitates another meaning, terms and expressions in these Articles which have been defined in the Companies Law shall have the meanings ascribed to them therein.

Words in the singular shall also include the plural, and vice versa. Words in the masculine shall include the feminine and vice versa.

- 1.4. The captions to articles in these Articles are intended for the convenience of the reader only, and no use shall be made thereof in the interpretation of these Articles.

2. **LIMITED LIABILITY**

The Company is a limited liability company and therefore each shareholder’s liability for the Company’s obligations shall be limited to the payment of the nominal value of the shares held by such shareholder, subject to the provisions of the Companies Law.

3. **OBJECTIVES**

The Company’s objectives are to conduct all types of business as are permitted by law. The Company may donate a reasonable amount of money for any purpose that the Board finds appropriate, even if the donation is not for business considerations or for the purpose of achieving profits for the Company.

4. **REGISTERED OFFICE**

The registered office shall be at such place as decided by the Board from time to time.

5. **AUTHORIZED SHARE CAPITAL**

The authorized share capital of the Company shall consist of NIS 22,600,000, divided into 135,000,000 ordinary shares with a nominal value of NIS 0.16 each.

6. **RIGHTS ATTACHING TO THE ORDINARY SHARES**

- 6.1. The ordinary shares in respect of which all calls have been fully paid shall confer on the holders thereof the right to attend and to vote at General Meetings of the Company, both annual as well as extraordinary meetings.
- 6.2. The ordinary shares shall confer on a holder thereof the right to receive a dividend, to participate in a distribution of bonus shares and to participate in the distribution of the assets of the Company upon its winding-up, pro rata to the nominal amount paid up on the shares or credited as paid up in respect thereof, and without reference to any premium which may have been paid in respect thereof.

7. **MODIFICATION OF CLASS RIGHTS**

- 7.1. Subject to applicable law, if at any time the share capital of the Company is divided into different classes of shares and unless the terms of issue of such class of shares otherwise stipulate, the rights attaching to any class of shares (including rights prescribed in the terms of issue of the shares) may be altered, modified or canceled by a resolution passed at a separate class meeting of the shareholders of that class.
- 7.2. The provisions contained in these Articles with regard to General Meetings shall apply, *mutatis mutandis* as the case may be, to every class meeting of the holders of each such class of the Company’s shares.
- 7.3. Unless otherwise provided by these Articles, the increase of an authorized class of shares, or the issuance of additional shares thereof out of the authorized and unissued share capital, shall not be deemed, for purposes of this Article 7, to modify or abrogate the rights attached to previously issued shares of such class or of any other class.



8. UNISSUED SHARE CAPITAL

- 8.1. The unissued shares in the capital of the Company shall be under the control of the Board, which shall be entitled to allot or otherwise grant the same to such persons under such restrictions and conditions as it shall deem fit, whether for consideration or otherwise, and whether for consideration in cash or for consideration which is not in cash, above their nominal value or at a discount, all on such conditions, in such manner and at such times as the Board shall deem fit, subject to the provisions of the Companies Law. The Board shall be entitled, *inter alia*, to differentiate between shareholders with regard to the amounts of calls in respect of the allotment of shares (to the extent that there are calls) and with regard to the time for payment thereof. The Board may also issue options or warrants for the purchase of shares of the Company and prescribe the manner of the exercise of such options or warrants, including the time and price for such exercise and any other provision which is relevant to the method for distributing the issued shares of the Company amongst the purchasers thereof.
- 8.2. The Board shall be entitled to prescribe the times for the issue of shares of the Company and the conditions therefore and any other matter which may arise in connection with the issue thereof.
- 8.3. In every case of a rights offering the Board shall be entitled, in its discretion, to resolve any problems and difficulties arising or that are likely to arise in regard to fractions of rights, and without prejudice to the generality of the foregoing, the Board shall be entitled to specify that no shares shall be allotted in respect of fractions of rights, or that fractions of rights shall be sold and the net proceeds shall be paid to the persons entitled to the fractions of rights, or, in accordance with a decision by the Board, to the benefit of the Company.

9. INCREASE OF CAPITAL; ALTERATIONS TO CAPITAL

- 9.1. The Company may, from time to time, by a resolution of the shareholders at a General Meeting, increase its share capital by way of the creation of new shares, whether or not all the existing shares have been issued up to the date of the resolution, whether or not it has been decided to issue same, and whether or not calls have been made on all the issued shares.
- 9.2. The increase of share capital shall be in such amount and divided into shares of such nominal value, and with such restrictions and conditions and with such rights and privileges as the resolution dealing with the creation of the shares prescribes, and if no provisions are contained in the resolution, then as the Board shall prescribe.
- 9.3. Unless otherwise stated in the resolution approving the increase of the share capital, the new shares shall be subject to those provisions in regard to issue, allotment, alteration of rights, payment of calls, liens, forfeiture, transfer, transmission and other provisions which apply to the shares of the Company.
- 9.4. By resolution of the shareholders in a General Meeting, the Company may, subject to any applicable provisions of the Companies Law:
- 9.4.1. consolidate its existing share capital, or any part thereof, into shares of a larger denomination than the existing shares;
- 9.4.2. sub-divide its share capital, in whole or in part, into shares of a smaller denomination than the nominal value of the existing shares and without prejudice to the foregoing, one or more of the shares so created may be granted any preferred or deferred rights or any special rights with regard to dividends, participation in assets upon winding-up, voting and so forth, subject to the provisions of these Articles;
- 9.4.3. reduce its share capital; or

9.4.4. cancel any shares which on the date of passing of the resolution have not been issued and to reduce its share capital by the amount of such shares.

9.5. In the event that the Company's shareholders shall adopt any of the resolutions described in Article 9.4 above, the Board shall be entitled to prescribe arrangements necessary in order to resolve any difficulty arising or that are likely to arise in connection with such resolutions, including, in the event of a consolidation, it shall be entitled to (i) allot, in contemplation of or subsequent to such consolidation or other action, shares or fractional shares sufficient to preclude or remove fractional share holdings; (ii) redeem, in the case of redeemable shares, and subject to applicable law, such shares or fractional shares sufficient to preclude or remove fractional share holdings; (iii) round up, round down or round to the nearest whole number, any fractional shares resulting from the consolidation or from any other action which may result in fractional shares; or (iv) cause the transfer of fractional shares by certain shareholders to other shareholders thereof so as to most expediently preclude or remove any fractional shareholdings, and, cause the transferees of such fractional shares to pay the transferors thereof the fair value thereof, and the Board is hereby authorized to act in connection with such transfer, as agent for the transferors and transferees of any such fractional shares, with full power of substitution, for the purposes of implementing the provisions of this Article 9.5.

10. SHARE CERTIFICATES

10.1. To the extent shares are certificated, share certificates evidencing title to the shares of the Company shall be issued under the seal or rubber stamp of the Company, and together with the signatures of two members of the Board, or one director together with the Chief Executive Officer, the Chief Financial Officer or any other person designated by the Board. The Board shall be entitled to decide that the signatures be effected in any mechanical or electronic form, provided that the signature shall be effected under the supervision of the Board in such manner as it prescribes.

10.2. Every shareholder shall be entitled, free of charge, to one certificate in respect of all the shares of a single class registered in his name in the Register.

10.3. The Board shall not refuse a request by a shareholder to obtain several certificates in place of one certificate, unless such request is, in the opinion of the Board, unreasonable. Where a shareholder has sold or transferred some of his shares, he shall be entitled, free of charge, to receive a certificate in respect of his remaining shares, provided that the previous certificate is delivered to the Company before the issuance of a new certificate.

10.4. Every share certificate shall specify the number of the shares in respect of which such certificate is issued and also the amounts which have been paid up in respect of each share.

10.5. No person shall be recognized by the Company as having any right to a share unless such person is the registered owner of the shares in the Register. The Company shall not be bound by and shall not recognize any right or privilege pursuant to the laws of equity, or a fiduciary relationship or a chose in action, future or partial, in any share, or a right or privilege to a fraction of a share, or (unless these Articles otherwise direct) any other right in respect of a share, except the absolute right to the share as a whole, where same is vested in the owner registered in the Register.

10.6. A share certificate registered in the names of two or more persons shall be delivered to one of the joint holders, and the Company shall not be obliged to issue more than one certificate to all the joint holders of shares and the delivery of such certificate to one of the joint holders shall be deemed to be delivery to all of them.

10.7. If a share certificate should be lost, destroyed or defaced, the Board shall be entitled to issue a new certificate in its place, provided that the certificate is delivered to it and destroyed by it, or it is proved to the satisfaction of the Board that the certificate was lost or destroyed and security has been received to its satisfaction in respect of any possible damages and after payment of such amount as the Board shall prescribe.

11. CALLS ON SHARES

- 11.1. The Board may from time to time, in its discretion, make calls on shareholders in respect of amounts which are still unpaid in respect of the shares held by each of the shareholders (including premiums), if the terms of issue do not prescribe that same be paid at fixed times, and every shareholder shall be obliged to pay the amount of the call made on him, at such time and at such place as stipulated by the Board.
- 11.2. In respect of any such call, prior notice of at least fourteen (14) Business Days shall be given, stating to whom the amount called is to be paid, the time for payment and the place thereof, provided that prior to the due date for payment of such call, the Board may, by written notice to the shareholders to which the call was made, cancel the call or extend the date of payment thereof.
- 11.3. If according to the terms of issue of any share, or otherwise, any amount is required to be paid at a fixed time or in installments at fixed times, whether the payment is made on account of the nominal value of the share or in form of a premium, every such payment or every such installment shall be paid as if it was a call duly made by the Board, in respect of which notice was duly given, and all the provisions contained in these Articles in regard to calls shall apply to such amount or to such installment.
- 11.4. Joint holders of a share shall be jointly and severally liable for the payment of all installments and calls due in respect of such share.
- 11.5. In the event that a call or installment due on account of a share is not paid on or before the date fixed for payment thereof, the holder of the share, or the person to whom the share has been allotted, shall be obliged to pay linkage differentials and interest on the amount of the call or the installment, at such rate as shall be determined by the Board, commencing from the date fixed for the payment thereof and until the date of actual payment. The Board may, however, waive the payment of the linkage differentials or the interest or part thereof.
- 11.6. A shareholder shall not be entitled (i) to receive a dividend and (ii) to exercise any right as a shareholder, including but not limited to, the right to attend and vote at a General Meeting and to transfer the shares to another, unless he has paid all the calls payable from time to time and which apply to any of his shares, whether he holds same alone or jointly with another, plus linkage differentials, interest and expenses, if any.
- 11.7. The Board may, if it deems fit, accept payment from a shareholder wishing to advance the payment of all moneys which remain unpaid on account of his shares, or part thereof which are over and above the amounts which have actually been called, and the Board shall be entitled to pay such shareholder linkage differentials and interest in respect of the amounts paid in advance, or that portion thereof which exceeds the amount called for the time being on account of the shares in respect of which the advance payment is made, at such rate as is agreed upon between the Board and the shareholder, with this being in addition to dividends (if any) payable on the paid-up portion of the share in respect of which the advance payment is made. The Board may, at any time, repay the amount paid in advance as aforesaid, in whole or in part, in its sole discretion, without premium or penalty. Nothing in this [Article 11.7](#) shall derogate from the right of the Board to make any call for payment before or after receipt by the Company of any such advance.

12. FORFEITURE AND LIEN

- 12.1. If a shareholder fails to make payment of any call or other installment on or before the date fixed for the payment thereof, the Board may, at any time thereafter and for as long as the part of the call or installment remains unpaid, serve on such shareholder a notice demanding that he make payment thereof, together with the linkage differentials and interest at such rate as is specified by the Board and all the expenses incurred by the Company in consequence of such non-payment.

- 12.2. The notice shall specify a further date, which shall be at least fourteen (14) Business Days after the date of the delivery of the notice, and a place or places at which such call or installment is to be paid, together with linkage differentials and interest and expenses as aforesaid. The notice shall further state that, if the amount is not paid on or before the date specified, and at the place mentioned in such notice, the shares in respect of which the call was made, or the installment is due, shall be liable to forfeiture.
- 12.3. If the demands contained in such notice are not complied with the Board may treat the shares in respect of which the notice referred to in Articles 12.1 and 12.2 was given as forfeited. Such forfeiture shall include all dividends, bonus shares and other benefits which have been declared in respect of the forfeited shares which have not actually been paid prior to the forfeiture.
- 12.4. Any share so forfeited or waived shall be deemed to be the property of the Company and the Board shall be entitled, subject to the provisions of these Articles and the Companies Law, to sell, re-allot or otherwise dispose thereof, as it deems fit, whether the amount paid previously in respect of that share is credited, in whole or in part.
- 12.5. The Board may, at any time before any share forfeited as aforesaid is sold or re-allotted or otherwise disposed of, cancel the forfeiture on such conditions as it deems fit.
- 12.6. Any person whose shares have been forfeited shall cease to be a shareholder in respect of the forfeited shares, but shall, nonetheless remain liable for the payment to the Company of all calls, installments, linkage differentials, interest and expenses due on account of or in respect of such shares on the date of forfeiture, in respect of the forfeited shares, together with interest on such amounts reckoned from the date of forfeiture until the date of payment, at such rate as the Board shall from time to time specify. However, such person's liability shall cease after the Company has received all the amounts called in respect of the shares as well as any expenses incurred by the Company relating to collecting the amounts called. The Board shall be entitled to collect the moneys which have been forfeited, or part thereof, as it shall deem fit, but it shall not be obliged to do so.
- 12.7. The provisions of these Articles in regard to forfeiture shall also apply to cases of non-payment of any amount, which, according to the terms of issue of the share, or which under the conditions of allotment the due date for payment of which fell on a fixed date, whether this be on account of the nominal value of the share or in the form of a premium, as if such amount was payable pursuant to a call duly made and notified.
- 12.8. The Company shall have a first and paramount lien over all the shares which have not been fully paid up and which are registered in the name of any shareholder (whether individually or jointly with others) and also over the proceeds of the sale thereof, as security for the debts and obligations of such shareholder to the Company and his contractual engagements with it, either individually or together with others. This right of lien shall apply whether or not the due date for payment of such debts or the fulfillment or performance of such obligations has arrived, and no rights in equity shall be created in respect of any share over which there is a lien as aforesaid. The aforesaid lien shall apply to all dividends or benefits which may be declared, from time to time, on such shares, unless the Board shall decide otherwise.
- 12.9. In order to foreclose on such lien, the Board may sell the shares under lien at such time and in such manner as, it shall deem fit, but no share may be sold unless the period referred to below has elapsed and written notice has been given to the shareholder, his trustee, liquidator, receiver, the executors of his estate, or anyone who acquires a right to shares in consequence of the bankruptcy of a shareholder, as the case may be, stating that the Company intends to sell the shares, if he or they should fail to pay the aforesaid debts, or fail to discharge or fulfill the aforesaid obligations within fourteen (14) Business Days from the date of the delivery of the notice.
- 12.10. The net proceeds of any such sale of shares, as contemplated by Article 12.9 above, after deduction of the expenses of the sale, shall serve for the discharge of the debts of such shareholder or for performance of such shareholder's obligations (including debts, undertakings and contractual engagements the due date for the payment or performance of which has arrived) and the surplus, if any, shall be paid to the shareholder, his trustee, liquidator, receiver, guardians, the executors of his estate, or to his successors-in-title.

- 12.11. In every case of a sale following forfeiture or waiver, or for purposes of executing a lien by exercising all of the powers conferred above, the Board shall be entitled to appoint a person to sign an instrument of transfer of the shares sold, and to arrange for the registration of the name of the buyer in the Register in respect of the shares sold.
- 12.12. An affidavit signed by the Chairman of the Board that a particular share of the Company was forfeited, waived or sold by the Company by virtue of a lien, shall serve as conclusive evidence of the facts contained therein as against any person claiming a right in the share. The purchaser of a share who relies on such affidavit shall not be obliged to investigate whether the sale, re-allotment or transfer, or the amount of consideration and the manner of application of the proceeds of the sale, were lawfully effected, and after his name has been registered in the Register he shall have a full right of title to the share and such right shall not be adversely affected by a defect or invalidity which occurred in the forfeiture, waiver, sale, re-allotment or transfer of the share.

13. TRANSFER AND TRANSMISSION OF SHARES

- 13.1. No transfer of shares shall be registered unless a proper instrument of transfer is delivered to the Company or, in the case of shares registered with a transfer agent, delivered to such transfer agent or to such other place specified for this purpose by the Board. Subject to the provisions of these Articles, an instrument of transfer of a share in the Company shall be signed by the transferor and the transferee. The Board may approve other methods of recognizing the transfer of shares in order to facilitate the trading of the Company's shares on the Nasdaq Global Market or on any other stock exchange. The transferor shall be deemed to remain the holder of the share up until the time the name of the transferee is registered in the Register in respect of the transferred share.
- 13.2. Insofar as the circumstances permit, the instrument of transfer of a share shall be substantially in the form set out below, or in any other form that the Board may approve.

I _____, I.D. _____ of _____ (the "**Transferor**"), in consideration for an amount of NIS _____ (in words) paid to me by _____ I.D. _____ of _____ (hereinafter: the "**Transferee**"), hereby transfer to the Transferee _____ shares of nominal value NIS _____ each, marked with the numbers _____ to _____ (inclusive) of Foamix Pharmaceuticals Ltd., to be held by the Transferee, the acquires of his rights and his successors-in title, under all the same conditions under which I held same prior to the signing of this instrument, and I, the Transferee, hereby agree to accept the aforementioned share in accordance with the above mentioned conditions.

In witness whereof we have hereunto signed this ____ day of _____ 20__.

Transferor _____ Transferee _____

Witnesses to Signature _____

- 13.3. The Company may close the transfer registers and the Register for such period of time as the Board shall deem fit.
- 13.4. Every instrument of transfer shall be submitted to the Office or to such other place as the Board shall prescribe, for purposes of registration, together with the share certificates to be transferred, or if no such certificate was issued, together with a letter of allotment of the shares to be transferred, and such other proof as the Board may demand in regard to the transferor's right of title or his right to transfer the shares. The Board shall have the right to refuse to recognize an assignment of shares until the appropriate securities under the circumstances have been provided, as shall be determined by the Board in a specific case or from time to time in general. Instruments of transfer which serve as the basis for transfers that are registered shall remain with the Company.

- 13.5. Every instrument of transfer shall relate to one class of shares only, unless the Board shall otherwise agree.
- 13.6. The executors of the will or administrator of a deceased shareholder's estate (such shareholder not being one of a joint owners of a share) or, in the absence of an administrator of the estate or executor of the will, the persons specified in Article 13.7 below, shall be entitled to demand that the Company recognize them as owners of rights in the share. The provisions of Article 13.4 above shall apply, *mutatis mutandis*, also in regard to this Article.
- 13.7. In the case of the death of one of the holders of a share registered in the names of two or more Persons, the Company shall recognize only the surviving owners as Persons having rights in the share. However, the aforementioned shall not be construed as releasing the estate of a deceased joint shareholder from any and all undertakings in respect of the shares. Any person who shall become an owner of shares following the death of a shareholder shall be entitled to be registered as owner of such shares after having presented to an officer of the Company to be designated by the Chief Executive Officer an inheritance order or probation order or order of appointment of an administrator of estate and any other proof as required - if these are sufficient in the opinion of such officer - testifying to such person's right to appear as shareholder in accordance with these Articles, and which shall testify to his title to such shares. The provisions of Article 13.4 above shall apply, *mutatis mutandis*, also in regard to this Article.
- 13.8. The receiver or liquidator of a shareholder who is a company or the trustee in bankruptcy or the official receiver of a shareholder who is bankrupt, upon presenting appropriate proof to the satisfaction of an officer of the Company to be designated by the Chief Executive Officer that such shareholder has the right to appear in this capacity and which testifies to such shareholder's title, may, with the consent of the Board (the Board shall not be obligated to give such consent) be registered as the owner of such shares. Furthermore, such shareholder may assign such shares in accordance with the rules prescribed in these Articles. The provisions of Article 13.4 above shall apply, *mutatis mutandis*, also in regard to this Article.
- 13.9. A person entitled to be registered as a shareholder following assignment pursuant to these Articles shall be entitled, if approved by the Board and to the extent and under the conditions prescribed by the Board, to dividends and any other monies paid in respect of the shares, and shall be entitled to give the Company confirmation of the payments; *however*, he shall not be entitled to be present or to vote at any General Meeting of the Company or, subject to the provisions of these Articles, to make use of any rights of shareholders, until he has been registered as owner of such shares in the Register.

14. GENERAL MEETING

- 14.1. A General Meeting shall be held at least once every year, not later than fifteen (15) months after the last General Meeting, at such time and at such place as the Board shall determine. Such General Meeting shall be called an annual meeting, and all other meetings of the shareholders shall be called extraordinary meetings.
- 14.2. The Board may call an extraordinary meeting whenever it sees fit to do so.
- 14.3. The Board shall be obliged to call an extraordinary meeting upon a requisition in writing in accordance with the Companies Law.
- 14.4. The Company shall provide prior notice in regard to the holding of an annual meeting or an extraordinary meeting in accordance with the requirements of these Articles, the Companies Law and the regulations promulgated thereunder. Subject to the provisions of the Companies Law and the regulations promulgated thereunder, in counting the number of days of prior notice given, the day of publication of notice shall not be counted, but the day of the meeting shall be counted. The notice shall specify those items and contain such information as shall be required by the Companies Law, the regulations promulgated thereunder and any other applicable law and regulations.

- 14.5. Any shareholder requesting to add an item to the agenda of a General Meeting (a “**Proposing Shareholder**”) may submit such a request in accordance with the Companies Law (a “**Proposal Request**”). Subject to any requirements under the Law, to be considered timely and thereby be added to such agenda, a Proposal Request must be delivered, either in person or by certified mail, postage prepaid, and received at the Office, (i) in the case of a General Meeting that is an annual meeting, no less than sixty (60) days nor more than one-hundred twenty (120) days prior to the date of the first anniversary of the preceding year’s annual meeting, *provided, however*, that, in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year’s annual meeting, notice by the Proposing Shareholder, in order to be timely, must be received no earlier than the close of business one-hundred twenty (120) days prior to such annual meeting and no later than the close of business on the later of ninety (90) days prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made, and (ii) in the case of a General Meeting that is an extraordinary meeting, no earlier than one-hundred twenty (120) days prior to such extraordinary meeting and no later than the close of business on the later of sixty (60) days prior to such extraordinary meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made, subject to applicable law.
- 14.6. Such request to add an item to the agenda of the General Meeting shall also set forth: (i) the name and address of the Proposing Shareholder making the request; (ii) a representation that the Proposing Shareholder is a holder of record of shares of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting; (iii) a description of all arrangements or understandings between the Proposing Shareholder and any other person or persons (naming such person or persons) in connection with the subject which is requested to be included in the agenda; (iv) a description of all Derivative Transactions (as defined below) by the Proposing Shareholder during the previous twelve (12) month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions; and (v) a declaration that all the information that is required under the Companies Law and any other applicable law to be provided to the Company in connection with such subject, if any, has been provided. Furthermore, the Board, may, in its discretion, to the extent it deems necessary, request that the Proposing Shareholder(s) provide additional information necessary so as to include a subject in the agenda of a General Meeting, as the Board may reasonably require. The information required pursuant to this [Article 14.6](#) shall be updated as of the record date of the General Meeting, five (5) Business Days before the General Meeting, and any adjournment or postponement thereof.
- 14.7. A “**Derivative Transaction**” means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proposing Shareholder or any of its affiliates or associates, whether of record or beneficial: (a) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the Company, (b) which otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the Company, (c) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes, or (d) which provides the right to vote or increase or decrease the voting power of such Proposing Shareholder, or any of its affiliates or associates, with respect to any shares or other securities of the Company, which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proposing Shareholder in the shares or other securities of the Company held by any general or limited partnership, or any limited liability company, of which such Proposing Shareholder is, directly or indirectly, a general partner or managing member.

- 14.8. Subject to Article 15.9 below, in the event that the Company has established that an adjourned meeting shall be held on such date which is later than the date provided for in Section 78(b) of the Companies Law, such later date shall be included in the notice. The Company may add additional places for shareholders to review the full text of the proposed resolutions, including an internet site. The notice shall be provided in the manner prescribed in Article 29. In no event shall the public announcement of an adjournment or postponement of a General Meeting commence a new time period (or extend any time period) for the giving of a shareholder's notice as described above.
- 14.9. Subject to any requirements under the Companies Law, nominations of persons for election to the Board may only be made at an extraordinary meeting if directors are to be elected at such meeting (a) by or at the direction of the Board, or (b) by any shareholder who is entitled to vote at the meeting and who complies with the notice procedures set forth in Article 14.6 above.

15. PROCEEDINGS AT GENERAL MEETING

- 15.1. No business shall be conducted at a General Meeting unless a quorum is present, and no resolution shall be passed unless a quorum is present at the time the resolution is voted on. Except in cases where it is otherwise stipulated, a quorum shall be constituted when there are personally present, or represented by proxy, at least two (2) shareholders who hold, in the aggregate, at least 25% of the voting rights in the Company. A proxy may be deemed to be two (2) or more shareholders pursuant to the number of shareholders he represents.
- 15.2. If within half an hour from the time appointed for the meeting, a quorum is not present, without there being an obligation to notify the shareholders to that effect, the meeting shall be adjourned to the same day in the following week, at the same hour and at the same place or to a later time and date if so specified in the notice of the meeting, unless such day shall fall on a statutory holiday (either in Israel or in the United States), in which case the meeting will be adjourned to the first Business Day afterwards.
- 15.3. If the original meeting was convened upon requisition under Section 63 of the Companies Law, one or more shareholders, present in person or by proxy and holding the number of shares required for making such requisition, shall constitute a quorum at the adjourned meeting, but in any other case any two (2) shareholders present in person or by proxy shall constitute a quorum at the adjourned meeting.
- 15.4. The Chairman of the Board, or any other person appointed for this purpose by the Board, shall preside at every General Meeting. If within fifteen (15) minutes from the time appointed for the meeting, the designated chairman for the meeting shall not be present, the shareholders present at the meeting shall elect one of their number to serve as chairman of the meeting.
- 15.5. Except as required under the Companies Law or these Articles, any resolution of the shareholders shall be adopted by a majority of the voting power present and voting at the applicable General Meeting, in person or by proxy. Every vote at a General Meeting shall be conducted according to the number of votes to which each shareholder is entitled on the basis of the number of ordinary shares held by such shareholder.
- 15.6. Where a poll has been demanded, the chairman of the meeting shall be entitled - but not obliged - to accede to the demand. Where the chairman of the meeting has decided to hold a poll, such poll shall be held in such manner, at such time and at such place as the chairman of the meeting directs, either immediately or after an interval or postponement, or in any other way, and the results of the vote shall be deemed to be the resolution at the meeting at which the poll was demanded. A person demanding a poll may withdraw his demand prior to the poll being held.
- 15.7. A demand for the holding of a poll shall not prevent the continued business of the meeting on all other questions apart of the question in respect of which a poll was demanded.

- 15.8. The announcement by the chairman of the meeting that a resolution has been passed unanimously or by a particular majority, or has been rejected, and a note recorded to that effect in the Company's minute book, shall serve as prima facie proof of such fact, and there shall be no necessity for proving the number of votes or the proportion of votes given for or against the resolution, unless otherwise required under applicable law and regulation.
- 15.9. The chairman of a General Meeting at which a quorum is present may, with the consent of holders of a majority of the voting power represented in person and by proxy and voting on the question of adjournment, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called. Subject to these Articles, it shall not be necessary to give any notice of an adjournment unless the meeting is adjourned for more than twenty one (21) days, in which case notice thereof shall be given in the manner required for the meeting as originally called. Where a General Meeting has been adjourned without changing its agenda, to a date which is not more than twenty one (21) days, notices shall be given for the new date, as early as possible, and by no later than seventy two (72) hours before the General Meeting.

16. VOTES OF SHAREHOLDERS

- 16.1. The voting rights of every shareholder entitled to vote at a General Meeting shall be as set forth in Article 6.1 of these Articles.
- 16.2. In the case of joint shareholders, the vote of the senior joint holder, given personally or by proxy, shall be accepted, to the exclusion of the vote of the remaining joint shareholders, and for these purposes the senior of the joint shareholders shall be the person amongst the joint holders whose name appears first in the Register.
- 16.3. A shareholder who is an Incapacitated Person may vote solely through his guardian or other person who fulfills the function of such guardian and who was appointed by a court, and any guardian or other person as aforesaid shall be entitled to vote by way of a proxy, or in such manner as the court directs.
- 16.4. Any corporation which is a shareholder of the Company shall be entitled, by way of resolution of its board of directors or another organ which manages said corporation, to appoint such person which it deems fit, whether or not such person is a shareholder of the Company, to act as its representative at any General Meeting of the Company or at a meeting of a class of shares in the Company which such corporation is entitled to attend and to vote thereat, and the appointed as aforesaid shall be entitled, on behalf of the corporation whom he represents, to exercise all of the same powers and authorities which the corporation itself could have exercised had it been a natural person holding shares of the Company.
- 16.5. Every shareholder who is entitled to attend and vote at a General Meeting of the Company shall be entitled to appoint a proxy. A proxy can be appointed by more than one shareholder and vote in different ways on behalf of each principal.
- 16.6. The instrument appointing a proxy shall be in writing signed by the person making the appointment or by his authorized representative, and if the person making the appointment is a corporation, the power of attorney shall be signed in the manner in which the corporation signs on documents which bind it, and a certificate of an attorney with regard to the authority of the signatories to bind the corporation shall be attached thereto. The proxy need not be a shareholder of the Company.
- 16.7. The instrument appointing a proxy, or a copy thereof certified by an attorney, shall be lodged at the Office, or at such other place as the Board shall specify, not less than forty-eight (48) hours prior to the General Meeting at which the proxy intends to vote based on such instrument of proxy. Notwithstanding the above, the chairman of the meeting shall have the right to waive the time requirement provided above with respect to all instruments of proxies and to accept any and all instruments of proxy until the beginning of a General Meeting. A document appointing a proxy shall be valid for every adjourned meeting of the General Meeting to which the document relates.

16.8. Every instrument appointing a proxy, whether for a meeting specifically indicated, or otherwise, shall, as far as circumstances permit, be substantially in the following form, or in any other form approved by the Board:

I _____ of _____ being a shareholder holding shares in Foamix Pharmaceuticals Ltd., hereby appoint Mr. _____ of _____ or failing him, Mr. _____ of _____, or failing him, Mr. _____ of _____, to vote in my name, place and stead at the (ordinary/extraordinary) General Meeting of the Company to be held on the ____ of ____ 20__, and at any adjourned meeting thereof.

In witness whereof I have hereto set my hand on the ____ day of _____.

16.9. No shareholder shall be entitled to vote at a General Meeting unless he has paid all of the calls and all of the amounts due from him, for the time being, in respect of his shares.

16.10. A vote given in accordance with the instructions contained in an instrument appointing a proxy shall be valid notwithstanding the death or bankruptcy of the appointer, or the revocation of the proxy, or the transfer of the share in respect of which the vote was given as aforesaid, unless notice in writing of the death, revocation or transfer is received at the Office, or by the chairman of the meeting, prior to such vote.

16.11. Subject to the Companies Law, an instrument appointing a proxy shall be deemed revoked (i) upon receipt by the Company or the chairman of the meeting, subsequent to receipt by the Company of such instrument, of written notice signed by the person signing such instrument or by the shareholder appointing such proxy canceling the appointment thereunder (or the authority pursuant to which such instrument was signed) or of an instrument appointing a different proxy, provided such notice of cancellation or instrument appointing a different proxy were so received at the place and within the time for delivery of the instrument revoked thereby as referred to in Article 16.7 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 chairman of such meeting of written notice from such shareholder of the revocation of such appointment, or if and when such shareholder votes at such meeting. A vote cast in accordance with an instrument appointing a proxy shall be valid notwithstanding the revocation or purported cancellation of the appointment, or the presence in person or vote of the appointing shareholder at a meeting for which it was rendered, unless such instrument of appointment was deemed revoked in accordance with the foregoing provisions of this Article 16.11 at or prior to the time such vote was cast.

17. THE BOARD OF DIRECTORS

17.1. Unless otherwise resolved by a resolution of the General Meeting, the prescribed number of directors of the Company shall be between five (5) and nine (9) (including the External Directors), as may be fixed from time to time by the Board. At any time the minimum number of directors (other than the External Directors) shall not fall below three (3). Any director shall be eligible for re-election upon termination of his term of office, subject to applicable law.

17.2. Prior to every annual General Meeting of the Company, the Board (or a committee of the Board) may select, via a resolution adopted by a majority of the Board (or such committee), a number of persons to be proposed to the shareholders for election as directors at such annual General Meeting for service until the next annual General Meeting (the "**Nominees**"). Any shareholder entitled under applicable law to propose one or more persons as nominees for election as directors at a General Meeting (each such nominee, an "**Alternate Nominee**") may make such proposal only if a written notice of such shareholder's intent to that effect has been given to the Secretary of the Company (or, if there is no such Secretary, the Chief Executive Officer) within the periods set out in Article 14.5 above. Each such notice shall set forth: (a) the name and address of the shareholder who intends to make the nomination and of the Alternate Nominees; (b) a representation that the shareholder is a holder of record of shares of the Company entitled to vote at such meeting (including the number of shares held of record by the shareholder) and intends to appear in person or by proxy at the meeting to nominate the Alternate Nominees; (c) a description of all arrangements or understandings between the shareholder and each Alternate Nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (d) the consent of each Alternate Nominee to serve as a director of the Company if so elected and (e) a declaration signed by each Alternate Nominee declaring that there is no limitation under the Companies Law for the appointment of such a nominee and that all of the information that is required under the Companies Law to be provided to the Company in connection with such an appointment has been provided. The Board may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

- 17.3. The Nominees or Alternate Nominees shall be elected by a resolution at the annual General Meeting at which they are subject to election.
- 17.4. Every director, other than External Directors, shall hold office until the end of the next annual General Meeting following the annual General Meeting at which he was elected, unless his office is vacated in accordance with Articles 17.7 or 18.5 below. If, at an annual General Meeting, no Nominees or Alternate Nominees are proposed by either the Board or shareholders, or if no Nominees or Alternate Nominees are elected, the directors then in office shall continue to hold office until the convening of a General Meeting at which Nominees or Alternate Nominees shall be proposed and elected.
- 17.5. If the office of a director shall be vacated, or if the number of incumbent directors is less than the maximum prescribed by Article 17.1 above, leaving one or more available offices unfilled, the remaining members of the Board shall be entitled to appoint another director in place of each director whose office has become or remains vacated, and such Board-appointed director (or directors) shall hold office until replaced in the manner set out in Article 17.4 above. This Article 17.5 shall not apply to a vacated office of an External Director, which may be filled only in accordance with Article 17.9 below, unless there are two (2) or more External Directors in office at that time in addition to the vacated office.
- 17.6. The directors in their capacity as such shall be entitled to receive remuneration as shall be determined in compliance with the Companies Law and the regulations promulgated thereunder. The conditions (including remuneration) of the terms of office of members of the Board shall be decided by the Board or any committee thereof, but the same shall be valid only if ratified in the manner required under the Companies Law. The remuneration of directors may be fixed as an overall payment or other consideration or as a payment or other consideration in respect of attendance at meetings of the Board, or a combination of both. In addition to his remuneration, each director shall be entitled to be reimbursed, retroactively or in advance, in respect of his reasonable expenses connected with performing his functions and services as a director. Such entitlement shall be determined in accordance with, and shall be subject to, a specific resolution or policy adopted by the Board regarding such matter and in accordance with the requirements of applicable law.
- 17.7. Subject to the provisions of the Companies Law with regard to External Directors and subject to Article 17.4 above and Article 18.5 below, the office of a member of the Board shall be vacated in any one of the following events:
- 17.7.1. if he resigns his office by way of a letter signed by him, lodged at the Office;
- 17.7.2. if he is declared bankrupt;
- 17.7.3. if he becomes insane or unsound of mind;
- 17.7.4. upon his death;
- 17.7.5. if he is prevented by applicable law from serving as a director of the Company;

- 17.7.6. if the Board terminates his office according to Section 231 of the Companies Law;
- 17.7.7. if a court order is given in accordance with Section 233 of the Companies Law;
- 17.7.8. if he is removed from office by a Resolution at a General Meeting of the Company adopted by a majority of the voting power in the Company; or
- 17.7.9. if his period of office has terminated in accordance with the provisions of these Articles.

17.8. If the office of a member of the Board should be vacated, the remaining members of the Board shall be entitled to continue to act for all purposes for as long as their number does not fall below the minimum, as prescribed in Article 17.1 above, without limiting their right to fill the vacancy at any time in accordance with Article 17.5 above. Should their number fall below the aforesaid minimum, the directors shall not be entitled to act, except for the appointment of additional directors, or for the purpose of calling a General Meeting for the appointment of additional directors, or for the purpose of calling a General Meeting for the appointment of a new Board.

17.9. The office of an External Director shall be vacated and an External Director may be removed and replaced only in accordance with the provisions for vacation of office, removal and appointment of External Directors under the Companies Law.

18. OTHER PROVISIONS REGARDING DIRECTORS

18.1. Subject to any mandatory provisions of applicable law, a director shall not be disqualified by virtue of his office from holding another office in the Company or in any other company in which the Company is a shareholder or in which it has any other form of interest, or of entering into a contract with the Company, either as seller or buyer or otherwise. Likewise, no contract made by the Company or on its behalf in which a director has any form of interest may be nullified and a director shall not be obliged to account to the Company for any profit deriving from such office, or resulting from such contract, merely by virtue of the fact that he serves as a director or by reason of the fiduciary relationship thereby created, but such director shall be obliged to disclose to the Board the nature of any such interest at the first opportunity.

18.2. A general notice to the effect that a director is a shareholder or has any other form of interest in a particular firm or a particular company and that he must be deemed to have an interest in any business with such firm or company shall be deemed to be adequate disclosure for purposes of this Article in relation to such director, and after such general notice has been given, such director shall not be obliged to give special notice in relation to any particular business with such firm or such company.

18.3. Subject to the provisions of the Companies Law and these Articles, the Company shall be entitled to enter into a transaction in which an Office Holder of the Company has a personal interest, directly or indirectly, and may enter into any contract or otherwise transact any business with any third party in which contract or business an Office Holder has a personal interest, directly or indirectly.

18.4. The Board shall elect one (1) or more of its members to serve as chairman (the "**Chairman of the Board**"), *provided* that, subject to the provisions of Section 121(c) of the Companies Law, the Chief Executive Officer of the Company shall not serve as Chairman of the Board. The office of Chairman of the Board shall be vacated in each of the cases mentioned in Articles 17.7 above and Article 18.5 below. The Board may also elect one or more members to serve as Vice Chairman, who shall have such duties and authorities as the Board may assign to him.

18.5. Subject to the relevant provisions of the Companies Law, the Company may, in a General Meeting, by a resolution adopted by a majority of the voting power in the Company, dismiss any director prior to the end of his term of office, and the Board shall be entitled, by regular majority, to appoint another individual in his place as a director. The individual so appointed shall hold such office only for that period of time during which the director whom he replaces would have held office. This Article 18.5 shall not apply to External Directors, who shall be appointed and removed in accordance with the Companies Law.

18.6. A director shall not be obliged to hold any share in the Company.

19. PROCEEDINGS OF THE BOARD OF DIRECTORS

19.1. The Board shall convene for a meeting at least once every calendar quarter.

19.2. The Board may meet in order to exercise its powers pursuant to Section 92 of the Companies Law, including without limitation to supervise the Company's affairs, and it may, subject to the provisions of the Companies Law, adjourn its meetings and regulate its proceedings and operations as it deems fit. It may also prescribe the quorum required for the conduct of business. Until otherwise decided, a quorum shall be constituted if a majority of the directors holding office for the time being are present.

19.3. Should a director or directors be barred from being present and voting at a meeting of the Board pursuant to Section 278 of the Companies Law, the quorum shall be a majority of the directors entitled to be present and to vote at the meeting of the Board.

19.4. Any director, the Chief Executive Officer or the auditor of the Company in the event stipulated in Section 169 of the Companies Law, may, at any time, demand the convening of a meeting of the Board. The Chairman of the Board shall be obliged, on such demand, to call such meeting on the date requested by the director, the Chief Executive Officer or the auditor of the Company soliciting such a meeting, provided that proper notice pursuant to Article 19.5 is given.

19.5. Every director shall be entitled to receive notice of meetings of the Board, and such notice may be in writing or by facsimile, or electronic mail, sent to the last address (whether physical or electronic) or facsimile number given by the director for purposes of receiving notices, *provided* that the notice shall be given at least a reasonable amount of time prior to the meeting and in no event less than forty eight (48) hours prior notice, unless the urgency of the matter to be discussed at the meeting reasonably requires a shorter notice period.

19.6. Every meeting of the Board at which a quorum is present shall have all the powers and authorities vested for the time being in the Board. Any matter discussed in a meeting and brought up for decision by the Chairman of the Board shall be decided by a simple majority of the directors attending such meeting and voting on such matter. In the case of an equality of votes of the Board, the Chairman of the Board shall not have a second or casting vote, and the proposal shall be deemed to be defeated.

19.7. If the Chairman of the Board is not present within thirty (30) minutes after the time appointed for the meeting, the directors present shall elect one of their members to preside at such meeting.

19.8. The Board may adopt resolutions, without actually convening a meeting of the Board, provided that all the directors entitled to participate in the meeting and to vote on the subject brought for decision agree thereto. If resolutions are made as stated in this Article 19.8, the Chairman of the Board shall record minutes of the decisions stating the manner of voting of each director on the subjects brought for decision, as well as the fact that all the directors agreed to take the decision without actually convening.

19.9. The Board may hold meetings by use of any means of communication, on condition that all participating directors can hear each other at the same time. In the case of a resolution passed by way of a telephone call or any such other means of communication, a copy of the text of the resolution shall be sent, as soon as possible thereafter, to the directors.

20. GENERAL POWERS OF THE BOARD OF DIRECTORS

20.1. The supervision of the Company's affairs shall be in the hands of the Board, which shall be entitled to exercise all of the powers and authorities and to perform any act and deed which the Company is entitled to exercise and to perform in accordance with these Articles, and in respect of which there is no mandatory provision or requirement in the Companies Law or in the U.S. Rules that such powers and authorities be exercised or performed by the shareholders in a General Meeting or by a committee.

- 20.2. The Board may, from time to time, in its absolute discretion, borrow or secure any amounts of money required by the Company for the conduct of its business. The Board shall be entitled to raise or secure the repayment of an amount obtained by it, in such way and on such conditions and times as it deems fit.
- 20.3. The Board shall be entitled to issue documents of undertaking, such as options, debentures or debenture stock, whether linked or redeemable, convertible debentures or debentures convertible into other securities, or debentures which carry a right to purchase shares or to purchase other securities, or any mortgage, pledge, collateral or other charge over the property of the Company and its undertaking, in whole or in part, whether present or future, including the uncalled share capital or the share capital which has been called but not yet paid. The deeds of undertaking, debentures of various types or other forms of collateral security may be issued at a discount, at a premium or otherwise and with such preferential or deferred or other rights, as the Board shall, from time to time, decide.

21. BOARD COMMITTEES

- 21.1. The Board may, as it deems fit and subject to any applicable law, delegate to a committee certain of its powers and authorities, in whole or in part, as appropriate. The curtailment or revocation of the powers and authorities of a committee by the Board shall not invalidate a prior act of such committee or an act taken in accordance with its instructions, which would have been valid had the powers and authorities of the committee not been altered or revoked by the Board. Subject to applicable law, a committee may be comprised of one or more directors, and it may comprise persons who are not directors if it is appointed solely for the purpose of advising the Board and is not delegated any of Board's powers or authorities.
- 21.2. The meetings and proceedings of every such committee which is comprised of two (2) or more members shall be conducted in accordance with the provisions contained in these Articles in regard to the conduct of meetings and proceedings of the Board to the extent that the same are suitable for such committee, and so long as no provisions have been adopted in replacement thereof by the Board.

22. RATIFICATION OF ACTIONS

- 22.1. Subject to the Companies Law, all acts taken in good faith by the Board or a committee or by an individual acting as a member thereof shall be valid even if it is subsequently discovered that there was a defect in the appointment of the Board, the committee or the member, as the case may be, or that the members, or one of them, was or were disqualified from being appointed as a director(s) or to a committee.
- 22.2. The Board or any committee may ratify any act the performance of which at the time of the ratification was within the scope of the authority of the Board or the relevant committee. The General Meeting shall be entitled to ratify any act taken by the Board or any committee without authority or which was tainted by some other defect. From the time of the ratification, every act ratified as aforesaid, shall be treated as though lawfully performed from the outset.

23. SIGNING POWERS

- 23.1. Subject to any other resolution on the subject passed by the Board, the Company shall be bound only pursuant to a document in writing bearing its seal or its rubber stamp or its printed name, and the signature of whomever may be authorized by the Board, which shall be entitled to empower any person, either alone or jointly with another, even if he is not a shareholder or a director, to sign and act in the name and on behalf of the Company.
- 23.2. The Board shall be entitled to prescribe separate signing power in regard to different businesses of the Company and in respect of the limit of the amounts in respect of which various persons shall be authorized to sign.

24. CHIEF EXECUTIVE OFFICER

- 24.1. The Board shall, from time to time, appoint a Chief Executive Officer and subject to the provisions of the Companies Law delineate his powers and authorities and his remuneration. Subject to any contract between the Chief Executive Officer and the Company, the Board may dismiss him or replace him at any time it deems fit.
- 24.2. A Chief Executive Officer need not be a director or shareholder. Subject to the provisions of any contract between the Chief Executive Officer and the Company, if the Chief Executive Officer is also a director, all of the same provisions with regard to appointment, resignation and removal from office shall apply to the Chief Executive Officer in his capacity as a director, as apply to the Company's other directors.
- 24.3. The Board shall be entitled from time to time to delegate to the Chief Executive Officer for the time being such of the powers it has pursuant to these Articles as it deems appropriate. The Board shall be entitled to grant such powers for such period, for such purposes, on such conditions and with such restrictions as it deems appropriate, and it shall be entitled to grant such powers without renouncing the powers and authorities of the Board in such regard. The Board may revoke, annul and alter such delegated powers and authorities, in whole or in part, at any time.
- 24.4. Subject to the provisions of any applicable law, the remuneration of the Chief Executive Officer shall be fixed from time to time by the Board (and, so long as required by the Companies Law, shall be approved by the Compensation Committee and by the shareholders unless exempted from shareholders' approval) and such remuneration may be in the form of a fixed salary or commissions or a participation in profits, or combination thereof, or in any other manner which may be decided by the Board and approved according to this [Article 24.4](#).

25. SECRETARY, OFFICE-HOLDERS, CLERKS AND REPRESENTATIVES

- 25.1. The Board shall be entitled, from time to time, to appoint, or to delegate to the Chief Executive Officer, either alone or together with other persons designated by the Board, the ability to appoint Office Holders (other than directors), a Secretary for the Company, employees and agents to such permanent, temporary or special positions, and to specify and change their titles, authorities and duties, and may set, or delegate to the Chief Executive Officer, either alone or together with other persons designated by the Board, the ability to set salaries, bonuses and other compensation of any employee or agent who is not an Office Holder. Salaries, bonuses and compensation of Office Holders who are not directors shall be determined and approved by the Chief Executive Officer, or in such other manner as may be required from time to time under the Companies Law. The Board, or the Chief Executive Officer, either alone or together with other persons designated by the Board (in the case of any Office Holder, employee or agent appointed by the Board), shall be entitled at any time, in its, his or their (as applicable) sole and absolute discretion, to terminate the services of one of more of the foregoing persons (in the case of a director, however, subject to compliance with [Article 18.5](#) above), subject to any other requirements under applicable law.
- 25.2. The Board and the Chief Executive Officer may from time to time and at any time, subject to their powers under these Articles and the Companies Law, empower any person to serve as representative of the Company for such purposes and with such powers and authorities, instructions and discretions for such period and subject to such conditions as the Board or the Chief Executive Officer, as the case may be, shall deem appropriate. The Board or Chief Executive Officer may grant such person, inter alia, the power to further delegate the authority, powers and discretions vested in him, in whole or in part. The Board or the Chief Executive Officer, as the case may be, may revoke, annul, vary or change any such power or authority, or all such powers or authorities collectively.

26. DIVIDENDS, BONUS SHARES, FUNDS AND CAPITALIZATION OF FUNDS AND PROFITS

- 26.1. Unless otherwise permitted by the Companies Law, no dividends shall be paid other than out of the Company's profits available for distribution as set forth in the Companies Law. The Board may decide on the payment of a dividend or on the distribution of bonus shares. A dividend in cash or bonus shares shall be paid or distributed, as the case may be, equally to the holders of the ordinary shares registered in the Register, pro rata to the nominal amount of capital paid up or credited as paid up on par value of the shares, without reference to any premium which may have been paid thereon. However, whenever the rights attached to any shares or the terms of issue of the shares do not provide otherwise, an amount paid on account of a share prior to the payment thereof having been called, or prior to the due date for payment thereof, and on which the Company is paying interest, shall not be taken into account for purposes of this Article as an amount paid-up on account of the share.
- 26.2. Unless other instructions are given, it shall be permissible to pay any dividend by way of a check or payment order to be sent by post to the registered address of the shareholder or the person entitled thereto, or in the case of joint shareholders being registered, to the shareholder whose name appears first in the Register in relation to the joint shareholding. Every such check shall be made in favor of the person to whom it is sent. A receipt by the person whose name, on the date of declaration of the dividend, was registered in the Register as the owner of the shares, or in the case of joint holders, by one of the joint holders, shall serve as a discharge with regard to all the payments made in connection with such share.
- 26.3. The Board shall be entitled to invest any dividend which has not been claimed for a period of one (1) year after having been declared, or to make use thereof in any other way for the benefit of the Company until such time as it is claimed. A dividend or other beneficial rights in respect of shares shall not bear interest, and the Company shall not be obliged to pay interest or linkage in respect of an unclaimed dividend. The payment by the Board of any unclaimed dividend into a separate account shall not make the Company a trustee in respect thereof, and any dividend unclaimed after a period of seven (7) years from the date of declaration of such dividend shall be forfeited and shall revert to the Company, *provided, however*, that the Board may, at its discretion, cause the Company to pay any such dividend, or any part thereof, to a person who would have been entitled thereto had the same not reverted to the Company.
- 26.4. Unless otherwise specified in the terms of issue of shares or securities convertible into, or which grant a right to purchase, shares, any shares that are fully paid-up or credited as paid-up shall at any time confer on their holders the right to participate in the full dividends and in any other distribution for which the determining date for the right to receive the same is the date at which the aforesaid shares were fully paid-up or credited as fully paid-up, as the case may be, or subsequent to such date.
- 26.5. The Board shall be entitled to deduct from any dividend or other beneficial rights, all amounts of money which the holder of the share in respect of which the dividend is payable or in respect of which the other beneficial rights were given, may owe to the Company in respect of such share, whether or not the due date for payment thereof has arrived. The Board shall be entitled to retain any dividend or bonus shares or other beneficial rights in respect of a share in relation to which the Company has a lien, and to utilize any such amount or the proceeds received from the sale of any bonus shares or other beneficial rights, for the discharge of the debts or liabilities in respect of which the Company has a lien.
- 26.6. The Board may decide that a dividend is to be paid, in whole or in part, by way of a distribution of assets of the Company in kind, including by way of debentures of the Company, or shares or debentures of any other company, or in any other way.
- 26.7. The Board may decide that any portion of the amounts standing for the time being to the credit of any capital fund (including a fund created as a result of a revaluation of the assets of the Company), or which are held by the Company as profits available for distribution, shall be capitalized subject to and in accordance with the provisions of the Companies Law and of these Articles, and serve for the payment up in full (either at par or with a premium as prescribed by the Company) of shares which have not yet been issued or of debentures of the Company, which shall then be allotted and distributed amongst the shareholders as fully paid-up shares or debentures, pro rata to each shareholder's entitlement under these Articles.

- 26.8. In every case that the Company issues bonus shares by way of a capitalization of profits or funds at a time at which securities issued by the Company are in circulation and confer on the holders thereof rights to convert the same into shares in the share capital of the Company, or options to purchase shares in the share capital of the Company (such rights of conversion or options shall henceforth be referred to as the “**Rights**”), the Board shall be entitled (in a case that the Rights or part thereof shall not be otherwise adjusted in accordance with the terms of their issue) to transfer to a special fund designated for the distribution of bonus shares in the future (to be called by any name that the Board may decide on and which shall henceforth be referred to as the “**Special Fund**”) an amount equivalent to the nominal amount of the share capital to which some or all of the Rights holders would have been entitled as a result of the issue of bonus shares, had they exercised their Rights prior to the determining date for the right to receive bonus shares, including rights to fractions of bonus shares, and in the case of a second or additional distribution of bonus shares in respect of which the Company acts pursuant to this Article, including entitlement stemming from a previous distribution of bonus shares.
- 26.9. In the case of the allotment of shares by the Company as a consequence of the exercise of entitlement by the owners of shares in those cases in which the Board has made a transfer to the Special Fund in respect of the Rights pursuant to Article 26.8 above, the Board shall allot to each such shareholder, in addition to the shares to which he is entitled by virtue of having exercised his rights, such number of fully paid-up shares the nominal value of which is equivalent to the amount transferred to the Special Fund in respect of his rights, by way of a capitalization to be effected by the Board of an appropriate amount out of the Special Fund. The Board shall be entitled to decide on the manner of dealing with rights to fractions of shares in its sole discretion.
- 26.10. If after any transfer to the Special Fund has been made the Rights should lapse, or the period should end for the exercise of Rights in respect of which the transfer was effected without such Rights being exercised, then any amount which was transferred to the Special Fund in respect of the aforesaid unexercised Rights shall be released from the Special Fund, and the Company may deal with the amount so released in any manner it would have been entitled to deal therewith had such amount not been transferred to the Special Fund.
- 26.11. For the implementation of any resolution regarding a distribution of shares or debentures by way of a capitalization of profits as aforesaid, the Board may:
- 26.11.1. Resolve any difficulty which arises or may arise in regard to the distribution in such manner as it deems fit and may take all of the steps that it deems appropriate in order to overcome such difficulty.
 - 26.11.2. Issue certificates in respect of fractions of shares, or decide that fractions of less than an amount to be decided by the Board shall not be taken into account for purposes of adjusting the rights of the shareholders or may sell the fractions of shares and pay the net proceeds to the persons entitled thereto.

26.11.3. Sign, or appoint a person to sign, on behalf of the shareholders on any contract or other document which may be required for purposes of giving effect to the distribution, and, in particular, shall be entitled to sign or appoint a person who shall be entitled to appoint and submit a contract as referred to in Section 291 of the Companies Law.

26.11.4. Make any arrangement or other scheme which is required in the opinion of the Board in order to facilitate the distribution.

26.12. The Board shall be entitled, as it deems appropriate and expedient, to appoint trustees or nominees for those registered shareholders who have failed to notify the Company of a change of their address and who have not applied to the Company in order to receive dividends, shares or debentures out of capital, or other benefits during the aforesaid period. Such trustees or nominees shall be appointed for the use, collection or receipt of dividends, shares or debentures out of capital and rights to subscribe for shares which have not yet been issued and which are offered to the shareholders but they shall not be entitled to transfer the shares in respect of which they were appointed, or to vote on the basis of holding such shares. In all of the terms and conditions governing such trusts and the appointment of such nominees it shall be stipulated by the Company that upon the first demand by a beneficial holder of a share being held by the trustee or nominee, such trustee or nominee shall be obliged to return to such shareholder the share in question and all of those rights held by it on the shareholder's behalf (all as the case may be). Any act or arrangement effected by any such nominees or trustee and any agreement between the Board and a nominee or trustee shall be valid and binding in all respects.

27. COMPANY RECORDS AND REGISTERS

27.1. The Board shall comply with all the provisions of the Companies Law in regard to the recording of charges and the keeping and maintaining of a register of directors, register of shareholders and register of charges.

27.2. Any book, register and record that the Company is obliged to keep in accordance with the Companies Law or pursuant to these Articles shall be recorded in a regular book, or by digital, electronic or other means, as the Board shall decide.

27.3. Subject to and in accordance with the provisions of Sections 138 and 139 of the Companies Law, the Company may cause supplementary registers to be kept in any place outside Israel as the Board may deem fit, and, subject to all applicable requirements of the Companies Law, the Board may from time to time adopt such rules and procedures as it may deem fit in connection with the keeping of such supplementary registers.

28. BOOKS OF ACCOUNT

28.1. The Board shall keep proper books of account in accordance with the provisions of the Companies Law. The books of account shall be kept at the Office, or at such other place or places as the Board shall deem appropriate, and shall at all times be open to the inspection of members of the Board. A shareholder of the Company who is not a member of the Board shall not have the right to inspect any books or accounts or documents of the Company, unless such right has been expressly granted to him by the Companies Law, or if he has been permitted to do so by the Board or by the shareholders based on a resolution adopted at a General Meeting.

28.2. At least once each year the accounts of the Company and the correctness of the statement of income and the balance sheet shall be audited and confirmed by an independent auditor.

28.3. The Company shall, in an annual General Meeting, appoint an independent auditor who shall hold such position until the next annual General Meeting, and his appointment, remuneration and rights and duties shall be subject to the provisions of the Companies Law, *provided, however*, that in exercising its authority to fix the remuneration of the auditor, the shareholders in an annual General Meeting may, by a resolution, act (and in the absence of any action in connection therewith shall be deemed to have so acted) to authorize the Board to fix such remuneration subject to such criteria or standards, if any, as may be provided in such resolution, and if no such criteria or standards are so provided, such remuneration shall be fixed in an amount commensurate with both the volume and nature of the services rendered by the auditor. By an act appointing such auditor, the Company may appoint the auditor to serve for a period of up to the end of completion of the audit of the yearly financial statements for the three (3) year period then ended.

28.4. The auditor shall be entitled to receive notices of every General Meeting of the Company and to attend such meetings and to express his opinions on all matters pertaining to his function as the auditor of the Company.

- 28.5. Subject to the provisions of the Companies Law and the U.S. Rules, any act carried out by the auditor of the Company shall be valid as against any person doing business in good faith with the Company, notwithstanding any defect in the appointment or qualification of the auditor.
- 28.6. For as long as the Company is a public company, as defined in the Companies Law, it shall appoint an internal auditor possessing the authorities set forth in the Companies Law. The internal auditor of the Company shall present all of its proposed work plans to the audit committee of the Board, which shall have the authority to approve them, subject to any modifications in its discretion.

29. NOTICES

- 29.1. The Company may serve any written notice or other document on a shareholder by way of delivery by hand, by facsimile transmission or by dispatch by prepaid registered mail to his address as recorded in the Register, or if there is no such recorded address, to the address given by him to the Company for the sending of notices to him. Notwithstanding the foregoing or any other provision to the contrary contained herein, notices or any other information or documents required to be delivered to a shareholder shall be deemed to have been duly delivered if submitted, published, filed or lodged in any manner prescribed by applicable law. With respect to the manner of providing such notices or other disclosures, the Company may distinguish between the shareholders listed on its regular Registry and those listed in any “additional registry”, as defined in Section 138(a) of the Companies Law, administered by a transfer agent or stock exchange registration company.
- 29.2. Any shareholder may serve any written notice or other document on the Company by way of delivery by hand at the Office, by facsimile or email transmission to the Company or by dispatch by prepaid registered mail to the Company at the Office.
- 29.3. Any notice or document which is delivered or sent to a shareholder in accordance with these Articles shall be deemed to have been duly delivered and sent in respect of the shares held by him (whether in respect of shares held by him alone or jointly with others), notwithstanding the fact that such shareholder has died or been declared bankrupt at such time (whether or not the Company knew of his death or bankruptcy), and shall be deemed to be sufficient delivery or dispatch to heirs, trustees, administrators or transferees and any other persons (if any) who have a right in the shares.
- 29.4. Any such notice or other document shall be deemed to have been served:
- 29.4.1. in the case of mailing, forty eight (48) hours after it has been posted, or when actually received by the addressee if sooner than 48 hours after it has been posted;
 - 29.4.2. in the case of overnight air courier, on the next day following the day sent, with receipt confirmed by the courier, or when actually received by the addressee if sooner;
 - 29.4.3. in the case of personal delivery, when actually tendered in person to such shareholder;
 - 29.4.4. in the case of facsimile or other electronic transmission (including email), the next day following the date on which the sender receives automatic electronic confirmation by the recipient’s facsimile machine or computer or other device that such notice was received by the addressee; or
 - 29.4.5. in the case a notice is, in fact, received by the addressee, when received, notwithstanding that it was defectively addressed or failed, in some other respect, to comply with the provisions of this Article 29.4.
- 29.5. Any shareholder whose address is not described in the Register, and who shall not have designated in writing an address for the receipt of notices, shall not be entitled to receive any notice from the Company. In the case of joint holders of a share, the Company shall be entitled to deliver a notice by dispatch to the joint holder whose name stands first in the Register in respect of such share.

- 29.6. Whenever it is necessary to give notice of a particular number of days or a notice for another period, the day of delivery shall be counted in the number of calendar days or the period, unless otherwise specified.
- 29.7. Notwithstanding anything to the contrary contained herein, notice by the Company of a General Meeting, containing the information required to be set forth in such notice under these Articles, which is published, within the time otherwise required for giving notice of such meeting, in:
- 29.7.1. 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 (or as designated in writing for the receipt of notices and other documents) is located in the State of Israel; and
- 29.7.2. one daily newspaper in New York, NY, United States, 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 (or as designated in writing for the receipt of notices and other documents) is located outside the State of Israel.

30. INSURANCE, INDEMNITY AND EXCULPATION

- 30.1. Subject to the provisions of the Companies Law, the Company shall be entitled to enter into a contract to insure all or part of the liability of an Office Holder of the Company, imposed on him in consequence of an act which he has performed by virtue of being an Office Holder, in respect of any of the following:
- 30.1.1. The breach of a duty of care to the Company or to any other person;
- 30.1.2. The breach of a fiduciary duty to the Company, provided that the Office Holder acted in good faith and had reasonable grounds for believing that the action would not adversely affect the best interests of the Company;
- 30.1.3. A pecuniary liability imposed on him in favor of any other person in respect of an act done in his capacity as an Office Holder.
- 30.1.4. Any other circumstances arising under the law with respect to which the Company may, or will be able to, insure an Office Holder.
- 30.2. Subject to the provisions of the Companies Law, the Company shall be entitled to indemnify an Office Holder of the Company, to the fullest extent permitted by applicable law. Subject to the provisions of the Companies Law, including the receipt of all approvals as required therein or under any applicable law, the Company may resolve retroactively to indemnify an Office Holder with respect to the following liabilities and expenses, *provided*, in each of the below cases, that such liabilities or expenses were incurred by such Office Holder in such Office Holder's capacity as an Office Holder of the Company:
- 30.2.1. a monetary liability imposed on him 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 Office Holder by virtue of the Office Holder being an Office Holder of the Company; *provided, however*, that: (a) any indemnification undertaking with respect to the foregoing shall be limited (i) to events which, in the opinion of the Board, are foreseeable in light of the Company's actual operations at the time of the granting of the indemnification undertaking, and (ii) to an amount or by criteria determined by the Board to be reasonable in the given circumstances; and (b) the events that in the opinion of the Board are foreseeable in light of the Company's actual operations at the time of the granting of the indemnification undertaking are listed in the indemnification undertaking together with the amount or criteria determined by the Board to be reasonable in the given circumstances;

- 30.2.2. reasonable litigation expenses, including legal fees, paid for by the Office Holder, in an investigation or proceeding conducted against such Office Holder by an agency authorized to conduct such investigation or proceeding, and which investigation or proceeding: (i) concluded without the filing of an indictment (as defined in the Companies Law) against such Office Holder and without a monetary liability having been imposed against such Office Holder in lieu of a criminal proceeding (as defined in the Companies Law); (ii) concluded without the filing of an indictment against such Office Holder but with a monetary liability having been imposed against such Office Holder in lieu of a criminal proceeding for an offense that does not require proof of criminal intent; or (iii) involves financial sanction;
- 30.2.3. reasonable litigation expenses, including legal fees, paid for by the Office Holder, or which the Office Holder is obligated to pay under a court order, in a proceeding brought against the Office Holder by the Company, or on its behalf, or by a third party, or in a criminal proceeding in which the Office Holder is found innocent, or in a criminal proceeding in which the Office Holder was convicted of an offense that does not require proof of criminal intent; and
- 30.2.4. any other event, occurrence or circumstances in respect of which the Company may lawfully indemnify an Office Holder of the Company (including, without limitation, indemnification with respect to the matters referred to under Section 56h(b)(1) of the Israeli Securities Law 5728-1968, as amended.
- 30.3. The Company may undertake to indemnify an Office Holder as aforesaid: (i) prospectively, provided that the undertaking is limited to categories of events which in the opinion of the Board can be foreseen when the undertaking to indemnify is given, and to an amount set by the Board as reasonable under the circumstances, and (ii) retroactively.
- 30.4. Subject to the provisions of the Companies Law including the receipt of all approvals as required therein or under any applicable law, the Company may, to the maximum extent permitted by the Companies Law, exempt and release, in advance, any Office Holder from any liability for damages arising out of a breach of a duty of care towards the Company.
- 30.5. Any amendment to the Companies Law adversely affecting the right of any Office Holder to be indemnified or insured pursuant to Articles 30.1, 30.2 and 30.4 and any amendments to such Articles shall be prospective in effect, and shall not affect the Company's obligation or ability to indemnify or insure an Office Holder for any act or omission occurring prior to such amendment, unless otherwise provided by applicable law.
- 30.6. The provisions of Articles 30.1, 30.2 and 30.4 are not intended, and shall not be interpreted so as to restrict the Company, in any manner, in respect of the procurement of insurance or in respect of indemnification or exculpation, in favor of any person who is not an Office Holder, including, without limitation, any employee, agent, consultant or contractor of the Company who is not an Office Holder; or any Office Holder to the extent that such insurance and/or indemnification is not specifically prohibited under law.

31. WINDING-UP AND REORGANIZATION

- 31.1. Should the Company be wound up and assets of the Company will remain available for distribution after covering all the Company's outstanding liabilities, such assets shall be distributed among the shareholders pro rata to the nominal value of the paid-up capital on the shares held by each of them.
- 31.2. Upon the sale of the Company's assets, the Board may, or in the case of a liquidation, the liquidators may, if authorized to do so by a resolution of the Company, accept fully or partly paid-up shares, or securities of another company, Israeli or non-Israeli, whether in existence at such time or about to be formed, in order to purchase the property of the Company, or part thereof, and to the extent permitted under the Companies Law, the Board may (or in the case of a liquidation, the liquidators may) distribute the aforesaid shares or securities or any other property of the Company among the shareholders without realizing the same, or may deposit the same in the hands of trustees for the shareholders, and the General Meeting by a resolution may decide, subject to the provisions of the Companies Law, on the distribution or allotment of cash, shares or other securities, or the property of the Company and on the valuation of the aforesaid securities or property at such price and in such manner as the shareholders at such General Meeting shall decide, and all of the shareholders shall be obliged to accept any valuation or distribution determined as aforesaid and to waive their rights in this regard, except, in a case in which the Company is about to be wound-up and is in the process of liquidation, for those legal rights (if any) which, according to the provisions of the Companies Law, may not be changed or modified.

32. TRANSLATION AND BINDING EFFECT

These Articles may be translated into Hebrew and/or into other languages. Notwithstanding the aforesaid, the English version of these Articles shall be binding upon the Company, its shareholders and/or any third party and shall supersede any translation thereof.

FIRST AMENDMENT TO LEASE (the "First Amendment") dated as of March 13, 2019, between S/K 520 ASSOCIATES (the "Landlord"), whose mailing address is P.O. Box 6872, 520 US Highway 22, Bridgewater, NJ 08807, and FOAMIX PHARMACEUTICALS INC., (the "Tenant"), having an office at 520 US Highway 22, Bridgewater, NJ 08807.

WITNESSETH:

WHEREAS, Tenant entered into a lease with Landlord dated October 25, 2017 (the "Original Lease") for Leased Premises located on the second floor of 520 US Highway 22, Bridgewater, New Jersey (the "Building") as more particularly described in the Lease; and

WHEREAS, the parties have agreed to amend the Lease to add an additional 4,639 square feet (the "Added Premises") and to extend the Term in accordance with the terms set forth below;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the parties have agreed to amend the Lease as follows:

1. LEASE CONTINUES IN FORCE

Words not defined in this First Amendment shall have the meanings specified in the Lease. Except as amended by the provisions of this First Amendment, the Original Lease shall otherwise remain in full force and effect. In the event of a conflict between this First Amendment and the Original Lease, this First Amendment shall control.

2. ADDITION OF PREMISES

2.1. Plans for the preparation of the Added Premises and for modification of the existing Leased Premises dated February 12, 2019 have been prepared by C.G. Albrecht Architect A.I.A. (the "Tenant Plan"). Landlord shall perform a turnkey installation based upon the Tenant Plan and the specifications ("Landlord's Work"). Landlord's Work shall include the items specified in Exhibit B. Landlord's Work shall not include any specialized installations such as computer, data and telephone lines. All communications, data, computer and internet access facilities, including cabling, wiring, raceways, infrastructure, IT room(s), conduits, punch-downs, terminations, junction boxes and ancillary devices and materials, as required, including final hook-ups shall be installed by Tenant, at its expense. All such Tenant's work shall be done in compliance with the requirements of section 12 of the Original Lease.

2.2. Beginning on the date that preparation of the Added Premises and the existing Leased Premises in accordance with the Tenant Plan is substantially completed (except for minor details of construction, decoration and mechanical adjustments, the non-completion of which do not materially interfere with the use and enjoyment of the Leased Premises by Tenant (the "Added Premises Commencement Date" or "APCD"), the Added Premises, as more particularly shown on Exhibit A annexed hereto, shall be added to the existing Leased Premises defined in the Original Lease and, from and after the Added Premises Commencement Date, the Added Premises shall (i) constitute a part of the Leased Premises, and (ii) be governed by all the terms and provisions of the Original Lease. For the avoidance of doubt, minor details of construction, decoration and mechanical adjustments shall not prevent substantial completion.

2.3. Following the execution of this First Amendment, Landlord shall use reasonable commercial efforts to perform Landlord's Work to reach the Added Premises Commencement Date no later than August 1, 2019. Landlord's Work shall be done during Regular Business Hours using reasonable commercial efforts to minimize any material disruption or interruption of Tenant's use. Tenant shall reasonably cooperate with Landlord in the performance of the Landlord's Work. Tenant, in a timely manner, shall move all desks, chairs, telephones, computers and other possessions in the existing Leased Premises, and to do all things reasonably necessary, to allow the Landlord's Work to proceed in a timely and orderly manner. In the event the Landlord does not deliver the Added Premises by September 1, 2019 then Landlord shall provide Tenant with a rent abatement valued to be the prorated Basic Rent for the Added Premises for each day delivery is delayed beyond August 1, 2019 provided that if the actions or inactions of Tenant delay the performance of Landlord's Work the abatement shall be reduced by one day for each day of delay caused by Tenant's actions or inactions.

2.4. Tenant shall pay Landlord \$25,000 to reimburse Landlord for a portion of the costs incurred by Landlord (the "Reimbursement"). The Reimbursement shall be paid to the Landlord in equal monthly installments of \$694 which shall be payable together with the Basic Rent on the first day of each month during the Extended Term. No interest shall be charged unless the payments are not made in a timely manner. If, for any reason, Landlord anticipates that it will be required to incur additional costs to complete the Landlord Work, Landlord shall consult with Tenant prior to incurring any such costs and the parties shall reasonably agree on any additional amount to be paid by Tenant to Landlord for the completion of the Landlord Work.

3. TERM AND OPTIONS

3.1. The Term of the Lease for the entire Leased Premises shall be extended for thirty-six (36) months (the "Extended Term") from the Added Premises Commencement Date. If the Added Premises Commencement Date is not the first day of a calendar month then the Extended Term shall run during the month in which the Added Premises Commencement Date occurs and for thirty-six (36) months from the first day of the following month.

3.2. If, prior to the respective date of exercise thereof, (a)(i) no Event of Default shall have occurred or (ii) if an Event of Default shall have occurred, the Tenant shall have previously cured it in full and the Landlord shall have waived it and (b) there shall not have been a History of Recurring Events of Default, Tenant is hereby granted one option to renew this Lease (the "Option to Renew") upon the following terms and conditions:

3.2.1 At the time of the exercise of the Option to Renew and at the time of said renewal, no Default shall have been declared by Landlord and Tenant shall occupy and be in operation at the entire Leased Premises pursuant to this Agreement.

3.2.2 Notice of the exercise of the Option to Renew shall be sent to the Landlord in writing at least nine (9) months before the expiration of the Extended Term.

3.2.3 The Renewal Term shall be for a period of five (5) years to commence at the expiration of the Extended Term, and all of the terms and conditions of this Agreement, other than the annual amount of Basic Rent, shall apply during the Renewal Term.

3.2.4 Subject to the last sentence of this paragraph, the amount of annual Basic Rent to be paid during the Renewal Term shall equal the Market Rental Rate of the Leased Premises if the same were available for lease to the public. If the parties are unable to agree on the Market Rental Rate of the Leased Premises, the parties shall resolve such dispute within forty-five (45) days of the notice of the Option to Renew by the following procedure: each party shall appoint one appraiser who shall in turn appoint a third independent appraiser and the determination of said three appraisers shall be binding on the parties. In no event, however, shall the annual Basic Rent payable by Tenant during the Renewal Term be less than the annual Basic Rent paid by Tenant during the immediately preceding twelve months.

3.3. Section 20 of the Original Lease is amended by adding the following sentence: "Notwithstanding the foregoing provisions, Landlord may only relocate Tenant with Tenant's consent."

4. RENT

4.1. Beginning on April 1, 2019, the Basic Rent and the monthly installments shall be revised in accordance with the following table.

Period	Annual Rate	Installments
4/1/19 through the APCD	\$128,100.00	\$10,675.00

4.2. Beginning on the Added Premises Commencement Date, the Basic Rent shall be revised in accordance with the following table:

Period	Annual Rate	Installments
Mos. 1 thru 12 from APCD	\$362,315.16	\$30,192.93
Mos. 13 thru 24 from APCD	\$369,634.80	\$30,802.90
Mos. 25 thru 36 from APCD	\$376,954.32	\$31,412.86

4.3. Tenant also shall pay all Additional Rent and Tenant Electric Charges, in accordance with the terms of the Original Lease.

4.4. If the Added Premises Commencement Date is not the first day of a calendar month, the Basic Rent for the month shall be pro-rated at the rate of \$687.50 per day through the day before the Added Premises Commencement Date and at the rate of \$1,006.44 per day for the balance of the month.

4.5. Tenant shall increase the Security Deposit to \$90,578.82.

5. TENANT'S SHARE

Beginning on the Added Premises Commencement Date, Tenant's Share shall be increased to 24.1%.

6. REPRESENTATIONS

The Tenant hereby represents and warrants that:

6.1. its North American Industrial Classification (NAICS) code is 424210 and it will promptly give notice of any change therein during the Term to the Landlord;

6.2. no broker or other agent has shown the Added Premises or the Building to the Tenant, or brought either to the Tenant's attention, except Cushman & Wakefield of NJ, Inc. whose entire commission therefore is set forth in a separate document and which commission the Tenant understands will be paid by the Landlord directly to the person named;

6.3. the execution and delivery of, the consummation of the transactions contemplated by and the performance of all its obligations under, this Agreement by the Tenant have been duly and validly authorized by its general partners, to the extent required by their partnership agreement and applicable law, if the Tenant is a partnership; or, if the Tenant is a limited liability company, by its members, to the extent required by their operating agreement and applicable law; or, if the Tenant is a corporation, by its board of directors and, if necessary, by its stockholders at meetings duly called and held on proper notice for that purpose at which there were respective quorums present and voting throughout; and no other approval, partnership, corporate, governmental or otherwise, is required to authorize any of the foregoing or to give effect to the Tenant's execution and delivery of this Agreement;

6.4. the execution and delivery of, the consummation of the transactions contemplated by and the performance of all its obligations under, this Agreement by the Tenant will not result in a breach or violation of, or constitute a default under, the provisions of any statute, charter, certificate of incorporation or bylaws, partnership agreement or operating agreement of the Tenant or any affiliate of the Tenant, as presently in effect, or any indenture, mortgage, lease, deed of trust, other agreement, instrument, franchise, permit, license, decree, order, notice, judgment, rule or order to or of which the Tenant or any affiliate of the Tenant is a party, a subject or a recipient or by which the Tenant, any affiliate of the Tenant or any of their respective properties and other assets is bound; and

6.5. it is not a Specially Designated National or a Blocked Person as those terms are defined in the rules of the Office of Foreign Assets Control nor a person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

7. BINDING EFFECT

The terms, covenants and conditions of this First Amendment shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

8. COUNTERPART

This First Amendment may be executed in any number of counterparts, each of which shall be considered an original instrument, and all of which together shall constitute one and the same instrument. Any signature page to any counterpart may be detached from the original counterpart to which it was attached, and then attached to another counterpart that is identical to the original counterpart, without impairing the legal effect of the signatures thereon.

(The signatures are set forth on the following page.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

LANDLORD:
S/K 520 ASSOCIATES
By: S/K 520 Corp.

By: _____
Jonathan Kushner, Vice President

TENANT:
FOAMIX PHARMACEUTICALS INC.

By: _____
/s/ David Domzalski, Chief Executive Officer

FOAMIX PHARMACEUTICALS LTD (the “Guarantor”) is the maker of a Guaranty in favor of S/K 520 ASSOCIATES which provides, among other things, for (i) the payment and performance of each and every obligation of Tenant under the Lease from the time a default is declared by Landlord until possession is unconditionally surrendered and the Leased Premises is delivered to the Landlord, and (ii) all reasonable costs and expenses incurred by Landlord in enforcing its rights and remedies with respect to this Guaranty. The Guarantor hereby affirms and agrees that the Guaranty remains in full force and effect and shall continue following the execution of this First Amendment and through the Extended Term as defined above.

FOAMIX PHARMACEUTICALS LTD

_____ (L.S.)

[Insert name and title]

[Add Authentication of Signature of Person Signing on behalf of a Body Corporate]

EXHIBIT A
DIAGRAM OF ADDED PREMISES

EXHIBIT B
LANDLORD'S WORK ADDITIONS

1. All walls in the 14,639 SF Leased Premises to be painted.
2. All carpet to be replaced in the 14,639 SF Leased Premises (with exception of the private offices in the existing Leased Premises).
3. Board room adjacent to reception area to include new carpet.
4. 3 new core drills.
5. Existing workstations in "bullpen" area to be removed.
6. All work contemplated in Exhibit A floor plan.

FIRST AMENDMENT TO LEASE

Between
S/K 520 ASSOCIATES

The Landlord

And

FOAMIX PHARMACEUTICALS INC.

The Tenant

For Premises In

520 US Highway 22, Bridgewater, New Jersey 08807

March ____, 2019

Prepared by:
Gary O. Tumdorf
520 Route 22
P.O. Box 6872
Bridgewater, NJ 08807
(908) 725-8100

AMENDMENT TO EMPLOYMENT OFFER LETTER FOR CHANGE OF CONTROL

This Letter Agreement is made on May 6, 2019 between Mutya Harsch (“**Executive**”), Foamix Pharmaceuticals Ltd. (“**Foamix**”) and Foamix Pharmaceuticals Inc., a wholly-owned subsidiary of Foamix (“**Foamix Pharmaceuticals Inc.**”). Reference is made to the Offer Employment Letter (the “**Offer Letter**”) dated as of November 1, 2017 between Executive and Foamix Pharmaceuticals Inc.

In order to attract and retain the services of senior management, and to assure the present and future continuity, objectivity and dedication of management in the event of any change in control, each of Executive, Foamix and Foamix Pharmaceuticals Inc. wish to amend the Offer Letter to incorporate certain severance payments and benefits on certain terminations of employment in connection with a change of control of Foamix.

In furtherance of this purpose, the Offer Letter shall be amended by adding the following paragraphs to the Offer Letter following the definition of Cause. Capitalized terms used herein but not defined shall have the terms ascribed to them in the Offer Letter.

Notwithstanding the above, if your employment is terminated by the Company without Cause or by you for Good Reason within the six (6) month period before, or the twelve (12) month period after, a Change of Control (a “**Qualifying Change of Control Termination**”), you will be entitled to receive a change of control payment equal to twelve (12) months of your then current base salary plus the COBRA Continuation (as defined below), subject to your delivery of an executed release to the Company acceptable to the Company in its sole discretion.

“**COBRA Continuation**” shall mean reimbursement of your COBRA premiums until the earlier of (a) the first anniversary of your date of termination of employment or (b) the date on which you become covered under another employer’s medical plan.

Furthermore, notwithstanding the terms of the Foamix equity incentive plan under which your equity awards are granted or any applicable award agreements, in the event of a Qualifying Change of Control Termination, all of your outstanding, unvested Foamix employee stock options and unvested restricted stock units, if any, shall become fully vested and any restrictions thereon shall lapse.

For purposes of the above paragraph:

“**Good Reason**” means: (a) a material reduction in the Executive’s base salary, (b) a material reduction in the Executive’s target annual bonus opportunity; (c) a relocation of the Executive’s principal place of employment by more than twenty-five (25) miles; or (d) an adverse change in the Executive’s position, including title, reporting relationship(s), authority, duties or responsibilities; all of the above without the Executive’s consent.

“Change of Control” means (a) one person or a group acquires the beneficial ownership of stock of Foamix or any subsidiary of Foamix that results in that person or group owning more than 50% of the total fair market value or total voting power of the stock of Foamix or any of its subsidiaries, (b) a majority of the members of the Board of Directors of Foamix are replaced during any twelve (12)-month period by directors whose appointment or election is not endorsed by a majority of the Board before the date of appointment or election, or (c) one person or group acquires all or substantially all of the assets of Foamix or any of its subsidiaries. Notwithstanding the foregoing, the term Change in Control will not include a sale of assets, merger or other transaction effected primarily for the purpose of changing the domicile of the Company.

The change of control payments set forth above (both outside the Change of Control context and within the Change of Control context) will be paid in a lump sum within sixty (60) days following the date of termination of employment or sixty (60) days following the Qualifying Change of Control, whichever is later. All payments pursuant to this offer letter will be subject to applicable deductions and withholdings.

The payments and benefits under this offer letter are intended to qualify for exemptions from the application of Section 409A of the Internal Revenue Code (**“Section 409A”**), and this offer letter will be construed to the greatest extent possible as consistent with those provisions, and to the extent not so exempt, this offer letter (and any definitions hereunder) will be construed in a manner that complies with Section 409A to the extent necessary to avoid adverse taxation under Section 409A. Notwithstanding anything to the contrary herein, to the extent required to comply with Section 409A, a termination of employment shall not be deemed to have occurred for purposes of any provision of this offer letter providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Section 409A. Your right to receive any installment payments will be treated as a right to receive a series of separate payments and, accordingly, each installment payment shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this offer letter, if you are deemed by the Company at the time of your separation from service to be a “specified employee” for purposes of Section 409A, and if any of the payments upon separation from service set forth herein and/or under any other agreement with the Company are deemed to be “deferred compensation,” then, to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Section 409A and the related adverse taxation under Section 409A, such payments shall not be provided to you prior to the earliest of (i) the expiration of the six-month period measured from the date of separation from service, (ii) the date of your death or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. With respect to payments to be made upon execution of an effective release, if the release revocation period spans two calendar years, payments will be made in the second of the two calendar years to the extent necessary to avoid adverse taxation under Section 409A.

Other than as set forth herein, this Letter Agreement shall not otherwise affect the terms and conditions of the Offer Letter. This Letter Agreement shall be governed by the laws of the State of New Jersey.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date set forth above.

MUTYA HARSCH

By: _____

Name: _____

Title: _____

FOAMIX PHARMACEUTICALS LTD.

By: _____

Name: _____

Title: _____

FOAMIX PHARMACEUTICALS INC.

By: _____

Name: _____

Title: _____

AMENDMENT TO EMPLOYMENT AGREEMENT FOR CHANGE OF CONTROL

This Letter Agreement is made on May 6, 2019 between ILAN HADAR (“**Employee**”) and Foamix Pharmaceuticals Ltd. (“**Foamix**”). Reference is made to the employment agreement (the “**Employment Agreement**”) dated as of September 13, 2017, between Executive and Foamix.

In order to attract and retain the services of senior management, and to assure the present and future continuity, objectivity and dedication of management in the event of any change in control, Employee and Foamix wish to amend the Employment Agreement to incorporate certain payments and benefits on certain terminations of employment in connection with a change of control of Foamix.

In furtherance of this purpose, the Employment Agreement shall be amended by replacing the paragraphs in Section 15 (Termination in Connection with a Change in Control) with the following. (Capitalized terms used herein but not defined shall have the terms ascribed to them in the Employment Agreement.)

Notwithstanding Section 14 above, if the Employee's employment is terminated by the Company without Cause or by Employee for Good Reason within the six (6) month period before, or the twelve (12) month period after, a Change of Control (a “**Qualifying Change of Control Termination**”), Employee will be entitled to receive a payment equal to eighteen (18) months of Employee's then current salary (without any fringe benefits) (“**Change of Control Payment**”), subject to Employee's delivery of an executed release to the Company acceptable to the Company in its sole discretion.

Furthermore, notwithstanding the terms of the Foamix equity incentive plan under which the Employee's equity awards are granted or any applicable award agreements, in the event of a Qualifying Change of Control Termination, all of the Employee's outstanding, unvested Foamix employee stock options and unvested restricted stock units (if any) shall become fully vested and any restrictions thereon shall lapse.

For purposes of the above paragraph:

“Cause” means: (1) Employee's commission of an act of fraud or dishonesty in the course of his employment; (2) Employee's indictment, conviction or entering of a plea of nolo contendere for a crime constituting a felony; (3) Employee's negligence or misconduct in connection with his employment; (4) Employee's failure to substantially perform his duties hereunder; (5) Employee's breach of any of the restrictive covenants set forth in his Employment Agreement; (6) Employee's failure to follow the instructions of management after notice of such failure, (7) a material breach of this Letter Agreement by Employee or (8) any other circumstance in which Employee may be terminated for cause by the Company pursuant to Section 3.1 above.

“Good Reason” means: (a) a material reduction in the Employee's salary (other than fringe benefits), (b) a material reduction in the Employee's target annual bonus opportunity; (c) a relocation of the Employee's principal place of employment by more than twenty-five (25) miles; or (d) an adverse change in the Employee's position, including title, reporting relationship(s), authority, duties or responsibilities; all of the above without the Employee's consent.

“Change of Control” means (a) one person or a group acquires the beneficial ownership of stock of Foamix or any subsidiary of Foamix that results in that person or group owning more than 50% of the total fair market value or total voting power of the stock of Foamix or any of its subsidiaries, (b) a majority of the members of the Board of Directors of Foamix are replaced during any twelve (12)-month period by directors whose appointment or election is not endorsed by a majority of the Board before the date of appointment or election, or (c) one person or group acquires all or substantially all of the assets of Foamix or any of its subsidiaries. The Change of Control Payment set forth above will be paid in a lump sum within sixty (60) days following the date of termination of employment or sixty (60) days following the Qualifying Change of Control, whichever is the latest. For the avoidance of doubt, the Change of Control Payment shall not constitute a salary component for any purpose, including for the purpose of calculating any social benefits.

All payments pursuant to this Letter Agreement will be subject to applicable deductions and withholdings as required under applicable law.

Other than as set forth herein, this Letter Agreement shall not otherwise affect the terms and conditions of the Employment Agreement. In any case of contradiction between the provisions of this Letter Agreement and the Employment Agreement, this Letter Agreement shall prevail. This Letter Agreement shall be governed by the laws of the State of Israel.

Without derogating from any other obligation under the Employment Agreement and under any applicable law, the Employee shall regard the information in this Letter Agreement as confidential information and shall not reveal its contents to anyone except when required by law or for the purpose of obtaining professional legal or tax advice.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date set forth above.

ILAN HADAR

By: _____

Name: _____

Title: _____

FOAMIX PHARMACEUTICALS LTD.

By: _____

Name: _____

Title: _____

Foamix Pharmaceuticals Ltd.

**Share Option Grant Notice
(2019 Equity Incentive Plan)**

Foamix Pharmaceuticals Ltd. (the “*Company*”), pursuant to its 2019 Equity Incentive Plan (the “*Plan*”), hereby grants to Optionholder an option to purchase the number of Shares set forth below. This option is subject to all of the terms and conditions as set forth in this Share Option Grant Notice, in the Option Agreement, the Plan and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Option Agreement will have the same definitions as in the Plan or the Option Agreement. If there is any conflict between the terms in this Share Option Grant Notice and the Plan, the terms of the Plan will control.

Optionholder:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Shares Subject to Option:	_____
Exercise Price (Per Share):	_____
Total Exercise Price:	_____
Expiration Date:	_____

Type of Grant: Incentive Share Option¹ Nonstatutory Share Option

Exercise Schedule: Same as Vesting Schedule

Vesting Schedule: [_____]²

Payment: By one or a combination of the following items (described in the Option Agreement):

- By cash, check, bank draft or money order payable to the Company
- Pursuant to a Regulation T Program if the Shares are publicly traded
- By delivery of already-owned Shares if the Shares are publicly traded
- If and only to the extent this option is a Nonstatutory Share Option, and subject to the Company’s consent at the time of exercise, by a “net exercise” arrangement

¹ If this is an Incentive Share Option, it (plus other outstanding Incentive Share Options) cannot be first *exercisable* for more than \$100,000 in value (measured by exercise price) in any calendar year. Any excess over \$100,000 is a Nonstatutory Share Option.

² Customized vesting schedule to be inserted, including any acceleration provisions.

Additional Terms/Acknowledgements: Optionholder acknowledges receipt of, and understands and agrees to, this Share Option Grant Notice, the Option Agreement and the Plan. Optionholder acknowledges and agrees that this Share Option Grant Notice and the Option Agreement may not be modified, amended or revised except as provided in the Plan. Optionholder further acknowledges that as of the Date of Grant, this Share Option Grant Notice, the Option Agreement, and the Plan set forth the entire understanding between Optionholder and the Company regarding this option award and supersede all prior oral and written agreements, promises and/or representations on that subject with the exception of, if applicable, (i) equity awards previously granted and delivered to Optionholder, (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law and (iii) any written employment agreement, severance agreement, offer letter or other written agreement entered into between the Company and Participant specifying the terms that should govern this specific option. By accepting this option, Optionholder consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

Foamix Pharmaceuticals Ltd.

Optionholder:

By: _____
Signature

Signature

Title: _____

Date: _____

Date: _____

Attachments: Option Agreement, 2019 Equity Incentive Plan and Notice of Exercise

Attachment I

Foamix Pharmaceuticals Ltd.

**Option Agreement
(2019 Equity Incentive Plan)
(Incentive Share Option or Nonstatutory Share Option)**

Pursuant to your Share Option Grant Notice (“*Grant Notice*”) and this Option Agreement, Foamix Pharmaceuticals Ltd. (the “*Company*”) has granted you an option under its 2019 Equity Incentive Plan (the “*Plan*”) to purchase the number of Shares indicated in your Grant Notice at the exercise price indicated in your Grant Notice. The option is granted to you effective as of the date of grant set forth in the Grant Notice (the “*Date of Grant*”). If there is any conflict between the terms in this Option Agreement and the Plan, the terms of the Plan will control. Capitalized terms not explicitly defined in this Option Agreement or in the Grant Notice but defined in the Plan will have the same definitions as in the Plan.

The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows:

1. Vesting. Subject to the provisions contained herein, your option will vest as provided in your Grant Notice. Vesting will cease upon the termination of your Continuous Service.

2. Number of Shares and Exercise Price. The number of Shares subject to your option and your exercise price per Share in your Grant Notice will be adjusted for Capitalization Adjustments.

3. Exercise Restriction for Non-Exempt Employees. If you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (that is, a “*Non-Exempt Employee*”), and except as otherwise provided in the Plan, you may not exercise your option until you have completed at least six (6) months of Continuous Service measured from the Date of Grant, even if you have already been an employee for more than six (6) months. Consistent with the provisions of the Worker Economic Opportunity Act, you may exercise your option as to any vested portion prior to such six (6) month anniversary in the case of (i) your death or disability, (ii) a Corporate Transaction in which your option is not assumed, continued or substituted, (iii) a Change in Control or (iv) your termination of Continuous Service on your “retirement” (as defined in the Company’s benefit plans).

4. Method of Payment. You must pay the full amount of the exercise price for the Shares you wish to exercise. You may pay the exercise price in cash or by check, bank draft or money order payable to the Company or in any other manner *permitted by your Grant Notice*, which may include one or more of the following:

(a) Provided that at the time of exercise Shares are publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Shares, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This manner of payment is also known as a “broker-assisted exercise”, “same day sale”, or “sell to cover”.

(b) Provided that at the time of exercise the Shares are publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned Shares that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. "Delivery" for these purposes, in the sole discretion of the Company at the time you exercise your option, will include delivery to the Company of your attestation of ownership of Shares in a form approved by the Company. You may not exercise your option by delivery to the Company of Shares if doing so would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's Shares.

(c) If this option is a Nonstatutory Share Option, subject to the consent of the Company at the time of exercise, by a "net exercise" arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise of your option by the largest whole number of Shares with a Fair Market Value that does not exceed the aggregate exercise price. You must pay any remaining balance of the aggregate exercise price not satisfied by the "net exercise" in cash or other permitted form of payment. Shares will no longer be outstanding under your option and will not be exercisable thereafter if those Shares (i) are used to pay the exercise price pursuant to the "net exercise," (ii) are delivered to you as a result of such exercise, and (iii) are withheld to satisfy your tax withholding obligations.

5. **Whole Shares.** You may exercise your option only for whole Shares.

6. **Securities Law Compliance.** In no event may you exercise your option unless the Shares issuable upon exercise are then registered under the Securities Act or, if not registered, the Company has determined that your exercise and the issuance of the Shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with all other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations (including any restrictions on exercise required for compliance with Treas. Reg. 1.401(k)-1(d)(3), if applicable).

7. **Term.** You may not exercise your option before the Date of Grant or after the expiration of the option's term. The term of your option expires, subject to the provisions of Section 5(h) of the Plan, upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three (3) months after the termination of your Continuous Service for any reason other than Cause, your Disability or your death; *provided, however*, that if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the section above regarding "Securities Law Compliance," your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service; *provided further*, if during any part of such three (3) month period, the sale of any Shares received upon exercise of your option would violate the Company's insider trading policy, then your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service during which the sale of the Shares received upon exercise of your option would not be in violation of the Company's insider trading policy. Notwithstanding the foregoing, if (i) you are a Non-Exempt Employee, (ii) your Continuous Service terminates within six (6) months after the Date of Grant, and (iii) you have vested in a portion of your option at the time of your termination of Continuous Service, your option will not expire until the earlier of (x) the later of (A) the date that is seven (7) months after the Date of Grant, and (B) the date that is three (3) months after the termination of your Continuous Service, and (y) the Expiration Date;

- (c) twelve (12) months after the termination of your Continuous Service due to your Disability (except as otherwise provided in Section 7(d)) below;
- (d) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates for any reason other than Cause;
- (e) the Expiration Date indicated in your Grant Notice; or
- (f) the day before the tenth (10th) anniversary of the Date of Grant.

If your option is an Incentive Share Option, note that to obtain the federal income tax advantages associated with an Incentive Share Option, the Code requires that at all times beginning on the Date of Grant and ending on the day three (3) months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Share Option if you continue to provide services to the Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your option more than three (3) months after the date your employment with the Company or an Affiliate terminates.

8. Exercise.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by (i) delivering a Notice of Exercise (in a form designated by the Company) or completing such other documents and/or procedures designated by the Company for exercise and (ii) paying the exercise price and any applicable withholding taxes to the Company's Secretary, share plan administrator, or such other person as the Company may designate, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the Shares are subject at the time of exercise, or (iii) the disposition of Shares acquired upon such exercise.

(c) If your option is an Incentive Share Option, by exercising your option you agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the Shares issued upon exercise of your option that occurs within two (2) years after the Date of Grant or within one (1) year after such Shares are transferred upon exercise of your option.

9. Transferability. Except as otherwise provided in this Section 9, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

(a) **Certain Trusts.** Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust. You and the trustee must enter into transfer and other agreements required by the Company.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your option pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this option with the Company prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement agreement. If this option is an Incentive Share Option, this option may be deemed to be a Nonstatutory Share Option as a result of such transfer.

(c) Beneficiary Designation. Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form approved by the Company and any broker designated by the Company to handle option exercises, designate a third party who, on your death, will thereafter be entitled to exercise this option and receive the Shares or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate will be entitled to exercise this option and receive, on behalf of your estate, the Shares or other consideration resulting from such exercise.

10. Option not a Service Contract. Your option is not an employment or service contract, and nothing in your option will be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option will obligate the Company or an Affiliate, their respective shareholders, boards of directors, officers or employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

11. Withholding Obligations.

(a) At the time you exercise your option, in whole or in part, and at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "same day sale" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) If this option is a Nonstatutory Share Option, then upon your request and subject to approval by the Company, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested Shares otherwise issuable to you upon the exercise of your option a number of whole Shares having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the maximum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). Notwithstanding the filing of such election, Shares shall be withheld solely from fully vested Shares determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company will have no obligation to issue a certificate for such Shares or release such Shares from any escrow provided for herein, if applicable, unless such obligations are satisfied.

12. Tax Consequences. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per Share specified in the Grant Notice is at least equal to the “fair market value” per Share on the Date of Grant and there is no other impermissible deferral of compensation associated with the option.

13. Notices. Any notices provided for in your option or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this option, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

14. Governing Plan Document. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. If there is any conflict between the provisions of your option and those of the Plan, the provisions of the Plan will control. In addition, your option (and any compensation paid or Shares issued under your option) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law.

15. Other Documents. You hereby acknowledge receipt of and the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company’s policy permitting certain individuals to sell Shares only during certain “window” periods and the Company’s insider trading policy, in effect from time to time.

16. Effect on Other Employee Benefit Plans. The value of this option will not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company’s or any Affiliate’s employee benefit plans.

17. Voting Rights. You will not have voting or any other rights as a shareholder of the Company with respect to the Shares to be issued pursuant to this option until such Shares are issued to you. Upon such issuance, you will obtain full voting and other rights as a shareholder of the Company. Nothing contained in this option, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

18. Severability. If all or any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

19. Miscellaneous.

(a) The rights and obligations of the Company under your option will be transferable to any one or more persons or entities, and all covenants and agreements hereunder will inure to the benefit of, and be enforceable by the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your option.

(c) You acknowledge and agree that you have reviewed your option in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your option, and fully understand all provisions of your option.

(d) This Option Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Option Agreement will be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

* * *

This Option Agreement will be deemed to be signed by you upon the signing by you of the Share Option Grant Notice to which it is attached.

Attachment II
2019 Equity Incentive Plan

Attachment III

Notice of Exercise

Foamix Pharmaceuticals Ltd.

Date of Exercise: _____

This constitutes notice to Foamix Pharmaceuticals Ltd. (the "Company") under my share option that I elect to purchase the below number of Shares of the Company (the "Shares") for the price set forth below.

Type of option (check one):	Incentive <input type="checkbox"/>	Nonstatutory <input type="checkbox"/>
Share option dated:	_____	_____
Number of Shares as to which option is exercised:	_____	_____
Certificates to be issued in name of:	_____	_____
Total exercise price:	\$ _____	\$ _____
Cash payment delivered herewith:	\$ _____	\$ _____
[Value of _____ Shares delivered herewith ³ :	\$ _____	\$ _____]
[Value of _____ Shares pursuant to net exercise ⁴ :	\$ _____	\$ _____]
[Regulation T Program (cashless exercise ⁵):	\$ _____	\$ _____]

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the Foamix Pharmaceuticals Ltd. 2019 Equity Incentive Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive share option, to notify you in writing within fifteen (15) days after the date of any disposition of any of the Shares issued upon exercise of this option that occurs within two (2) years after the date of grant of this option or within one (1) year after such Shares are issued upon exercise of this option.

Very truly yours,

³ Shares must meet the public trading requirements set forth in the option. Shares must be valued in accordance with the terms of the option being exercised, and must be owned free and clear of any liens, claims, encumbrances or security interests. Certificates must be endorsed or accompanied by an executed assignment separate from certificate.

⁴ The option must be a Nonstatutory Share Option, and the Company must have established net exercise procedures at the time of exercise, in order to utilize this payment method.

⁵ Shares must meet the public trading requirements set forth in the option.

Foamix Pharmaceuticals Ltd.

**Share Option Grant Notice
(2019 Equity Incentive Plan)**

Foamix Pharmaceuticals Ltd. (the “*Company*”), pursuant to its 2019 Equity Incentive Plan including its Sub-Plan for Israeli Participants (jointly the “*Plan*”), hereby grants to Optionholder an option to purchase the number of Shares set forth below. This option is subject to all of the terms and conditions as set forth in this Share Option Grant Notice, in the Option Agreement, the Plan and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Option Agreement will have the same definitions as in the Plan or the Option Agreement. If there is any conflict between the terms in this Share Option Grant Notice and the Plan, the terms of the Plan will control.

Optionholder: _____
Date of Grant: _____
Vesting Commencement Date: _____
Number of Shares Subject to Option: _____
Exercise Price (Per Share): _____
Total Exercise Price: _____
Expiration Date: _____

Type of Grant: Trustee Capital Gains Route¹ 3(i)²

Exercise Schedule: Same as Vesting Schedule

Vesting Schedule: [_____,]³

Payment: By one or a combination of the following items (described in the Option Agreement):

- By cash, check, bank draft or money order payable to the Company
- Pursuant to a Regulation T Program if the Shares are publicly traded
- By delivery of already-owned Shares if the Shares are publicly traded
- If and only to the extent this option is a Nonstatutory Share Option, and subject to the Company’s consent at the time of exercise, by a “net exercise” arrangement

¹ Tax route for employees of the Company in Israel.

² Tax route for consultants and service providers of the Company in Israel and any controlling shareholder

³ Customized vesting schedule to be inserted, including any acceleration provisions.

Additional Terms/Acknowledgements: Optionholder acknowledges receipt of, and understands and agrees to, this Share Option Grant Notice, the Option Agreement and the Plan. Optionholder acknowledges and agrees that this Share Option Grant Notice and the Option Agreement may not be modified, amended or revised except as provided in the Plan. Optionholder further acknowledges that as of the Date of Grant, this Share Option Grant Notice, the Option Agreement, and the Plan set forth the entire understanding between Optionholder and the Company regarding this option award and supersede all prior oral and written agreements, promises and/or representations on that subject with the exception of, if applicable, (i) equity awards previously granted and delivered to Optionholder, (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law and (iii) any written employment agreement, severance agreement, offer letter or other written agreement entered into between the Company and Participant specifying the terms that should govern this specific option. By accepting this option, Optionholder consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

Additional Terms/Acknowledgements for Options classified as Trustee Capital Gains Route : Optionholder (i) declares that he/she has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice, (ii) declares that she/he is familiar with Section 102 and the regulations and rules promulgated thereunder, including without limitations the provisions of the applicable tax route, and agrees to comply with such provisions, as amended from time to time, provided that if such terms are not met, Section 102 may not apply; (iii) agrees to the terms and conditions of the trust deed signed between the Trustee and the Company, including but not limited to the holding of the Shares by the Trustee; (iv) acknowledges that releasing the Shares from the holding of the Trustee prior to the termination of the Holding Period constitutes a violation of the terms of Section 102 and agrees to bear the relevant sanctions; (v) authorizes the Company to provide the Trustee with any information required for the purpose of administering the Plan including executing its obligations under the Ordinance, the trust deed and the trust agreement, including without limitation information about his/her Shares, income tax rates, salary bank account, contact details and identification number; (vi) declares that he/she is a resident of the State of Israel for tax purposes on the Grant Date and agrees to notify the Company upon any change in the residence address indicated above and acknowledges that if he/she ceases to be an Israeli resident or if his/her engagement with the Company or Affiliate is terminated, the Shares shall remain subject to Section 102, the trust agreement, the Plan, the Agreement and this Notice.

Foamix Pharmaceuticals Ltd.

By: _____
Signature
Title: _____
Date: _____

Optionholder:

Signature

Date: _____

Attachments: Option Agreement, 2019 Equity Incentive Plan and Notice of Exercise

Attachment I

Foamix Pharmaceuticals Ltd.

**Option Agreement
(2019 Equity Incentive Plan)
(Incentive Share Option or Nonstatutory Share Option)**

Pursuant to your Share Option Grant Notice (“*Grant Notice*”) and this Option Agreement, Foamix Pharmaceuticals Ltd. (the “*Company*”) has granted you an option under its 2019 Equity Incentive Plan (the “*Plan*”) to purchase the number of Shares indicated in your Grant Notice at the exercise price indicated in your Grant Notice. The option is granted to you effective as of the date of grant set forth in the Grant Notice (the “*Date of Grant*”). If there is any conflict between the terms in this Option Agreement and the Plan, the terms of the Plan will control. Capitalized terms not explicitly defined in this Option Agreement or in the Grant Notice but defined in the Plan will have the same definitions as in the Plan.

The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows:

1. Vesting. Subject to the provisions contained herein, your option will vest as provided in your Grant Notice. Vesting will cease upon the termination of your Continuous Service.

2. Number of Shares and Exercise Price. The number of Shares subject to your option and your exercise price per Share in your Grant Notice will be adjusted for Capitalization Adjustments.

3. Exercise Restriction for Non-Exempt Employees. If you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (that is, a “*Non-Exempt Employee*”), and except as otherwise provided in the Plan, you may not exercise your option until you have completed at least six (6) months of Continuous Service measured from the Date of Grant, even if you have already been an employee for more than six (6) months. Consistent with the provisions of the Worker Economic Opportunity Act, you may exercise your option as to any vested portion prior to such six (6) month anniversary in the case of (i) your death or disability, (ii) a Corporate Transaction in which your option is not assumed, continued or substituted, (iii) a Change in Control or (iv) your termination of Continuous Service on your “retirement” (as defined in the Company’s benefit plans).

4. Method of Payment. You must pay the full amount of the exercise price for the Shares you wish to exercise. You may pay the exercise price in cash or by check, bank draft or money order payable to the Company or in any other manner *permitted by your Grant Notice*, which may include one or more of the following:

(a) Provided that at the time of exercise Shares are publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Shares, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This manner of payment is also known as a “broker-assisted exercise”, “same day sale”, or “sell to cover”.

(b) Provided that at the time of exercise the Shares are publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned Shares that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. "Delivery" for these purposes, in the sole discretion of the Company at the time you exercise your option, will include delivery to the Company of your attestation of ownership of Shares in a form approved by the Company. You may not exercise your option by delivery to the Company of Shares if doing so would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's Shares.

(c) If this option is a Nonstatutory Share Option, subject to the consent of the Company at the time of exercise, by a "net exercise" arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise of your option by the largest whole number of Shares with a Fair Market Value that does not exceed the aggregate exercise price. You must pay any remaining balance of the aggregate exercise price not satisfied by the "net exercise" in cash or other permitted form of payment. Shares will no longer be outstanding under your option and will not be exercisable thereafter if those Shares (i) are used to pay the exercise price pursuant to the "net exercise," (ii) are delivered to you as a result of such exercise, and (iii) are withheld to satisfy your tax withholding obligations.

5. **Whole Shares.** You may exercise your option only for whole Shares.

6. **Trustee.** The Options and the underlying Shares and/or any additional rights, including without limitation any right to receive any dividends, dividend equivalents or any shares received as a result of an adjustment made under the Plan, that may be granted in connection with the Options (the "Additional Rights") shall be issued to the Trustee for your benefit under the provisions of the 102 Capital Gains Route for at least the period stated in Section 102 of the Ordinance and the Income Tax Rules (Tax Benefits in Share Issuance to Employees) 5763-2003 (the "Rules"). In the event the Options do not meet the requirements of Section 102 of the Ordinance, such Options and the underlying Shares shall not qualify for the favorable tax treatment under the Capital Gains Route of Section 102 of the Ordinance. The Company makes no representations or guarantees that the Options will qualify for favorable tax treatment and will not be liable or responsible if favorable tax treatment is not available under Section 102 of the Ordinance. Any fees associated with any sale, transfer or any act in relation to the Options shall be borne by you and the Trustee and/or the Company shall be entitled to withhold or deduct such fees from payments otherwise due to you from the Company or the Trustee. In accordance with the requirements of Section 102 of the Ordinance and the Capital Gains Route, you shall not sell nor transfer the Shares or Additional Rights from the Trustee until the end of the required Holding Period. Notwithstanding the above, if any such sale or transfer occurs before the end of the required Holding Period, you shall bear the sanctions under Section 102.

7. **Securities Law Compliance.** In no event may you exercise your option unless the Shares issuable upon exercise are then registered under the Securities Act or, if not registered, the Company has determined that your exercise and the issuance of the Shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with all other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations (including any restrictions on exercise required for compliance with Treas. Reg. 1.401(k)-1(d)(3), if applicable).

8. Term. You may not exercise your option before the Date of Grant or after the expiration of the option's term. The term of your option expires, subject to the provisions of Section 5(h) of the Plan, upon the earliest of the following:

- (a) immediately upon the termination of your Continuous Service for Cause;
- (b) three (3) months after the termination of your Continuous Service for any reason other than Cause, your Disability or your death; *provided, however*, that if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the section above regarding "Securities Law Compliance," your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service; *provided further*, if during any part of such three (3) month period, the sale of any Shares received upon exercise of your option would violate the Company's insider trading policy, then your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service during which the sale of the Shares received upon exercise of your option would not be in violation of the Company's insider trading policy. Notwithstanding the foregoing, if (i) you are a Non-Exempt Employee, (ii) your Continuous Service terminates within six (6) months after the Date of Grant, and (iii) you have vested in a portion of your option at the time of your termination of Continuous Service, your option will not expire until the earlier of (x) the later of (A) the date that is seven (7) months after the Date of Grant, and (B) the date that is three (3) months after the termination of your Continuous Service, and (y) the Expiration Date;
- (c) twelve (12) months after the termination of your Continuous Service due to your Disability (except as otherwise provided in Section 7(d)) below;
- (d) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates for any reason other than Cause;
- (e) the Expiration Date indicated in your Grant Notice; or
- (f) the day before the tenth (10th) anniversary of the Date of Grant.

If your option is an Incentive Share Option, note that to obtain the federal income tax advantages associated with an Incentive Share Option, the Code requires that at all times beginning on the Date of Grant and ending on the day three (3) months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Share Option if you continue to provide services to the Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your option more than three (3) months after the date your employment with the Company or an Affiliate terminates.

9. Exercise.

- (a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by (i) delivering a Notice of Exercise (in a form designated by the Company) or completing such other documents and/or procedures designated by the Company for exercise and (ii) paying the exercise price and any applicable withholding taxes to the Company's Secretary, share plan administrator, or such other person as the Company may designate, together with such additional documents as the Company may then require.
- (b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the Shares are subject at the time of exercise, or (iii) the disposition of Shares acquired upon such exercise.

(c) If your option is an Incentive Share Option, by exercising your option you agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the Shares issued upon exercise of your option that occurs within two (2) years after the Date of Grant or within one (1) year after such Shares are transferred upon exercise of your option.

10. Transferability. Except as otherwise provided in this Section 9, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

(a) **Certain Trusts.** Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust. You and the trustee must enter into transfer and other agreements required by the Company.

(b) **Domestic Relations Orders.** Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your option pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this option with the Company prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement agreement. If this option is an Incentive Share Option, this option may be deemed to be a Nonstatutory Share Option as a result of such transfer.

(c) **Beneficiary Designation.** Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form approved by the Company and any broker designated by the Company to handle option exercises, designate a third party who, on your death, will thereafter be entitled to exercise this option and receive the Shares or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate will be entitled to exercise this option and receive, on behalf of your estate, the Shares or other consideration resulting from such exercise.

11. Option not a Service Contract. Your option is not an employment or service contract, and nothing in your option will be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option will obligate the Company or an Affiliate, their respective shareholders, boards of directors, officers or employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

12. Withholding Obligations.

(a) At the time you exercise your option, in whole or in part, at any time you sell your Shares, and at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "same day sale" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) Regardless of any action the Company and its Affiliates takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items is and remains on you (and in the event of death, your heirs) responsibility and may exceed the amount actually withheld by the Company or any Affiliate. You further acknowledge that the Company, its Affiliates and/or the Trustee (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Options, including, but not limited to, the grant or vesting of the Options, the subsequent sale or transfer of Shares acquired pursuant to the Options and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Options to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company, its Affiliates, and/or the Trustee may be required to withhold or account for Tax-Related Items in more than one jurisdiction. If you are subject to Tax-Related Items in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company and/or the the Trustee may be required to withhold or account for Tax-Related Items in more than one jurisdiction. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the Options, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

(c) The Company, any Affiliate, or the Trustee or anyone on their behalf shall not be required to bear the aforementioned Tax-Related Items, directly or indirectly, nor shall they be required to gross up such Tax-Related Items in your salaries or remuneration.

(d) Without derogating from the aforementioned, the Company, an Affiliate or the Trustee shall be entitled to withhold the Tax-Related Items as it deems complies with applicable law and to deduct any Tax-Related Items from payments otherwise due to you from the Company or an Affiliate or the Trustee.

13. Tax Consequences. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per Share specified in the Grant Notice is at least equal to the "fair market value" per Share on the Date of Grant and there is no other impermissible deferral of compensation associated with the option.

The Options are intended to be taxed in accordance with Section 102(b)(3) of the Ordinance, subject to full and complete compliance with the terms of Section 102. If you have dual residency for tax purposes you may be subject to taxation in several jurisdictions. Despite the aforementioned, the Company does not undertake to maintain the qualified status of the Options and you acknowledge that you will not be entitled to damages of any kind if the Option becomes disqualified and no longer qualifies under the 102 Capital Gains Route.

14. Notices. Any notices provided for in your option or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this option, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

15. Governing Plan Document. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. If there is any conflict between the provisions of your option and those of the Plan, the provisions of the Plan will control. In addition, your option (and any compensation paid or Shares issued under your option) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law.

16. Other Documents. You hereby acknowledge receipt of and the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy permitting certain individuals to sell Shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

17. Effect on Other Employee Benefit Plans. The value of this option will not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

18. Voting Rights. You will not have voting or any other rights as a shareholder of the Company with respect to the Shares to be issued pursuant to this option until such Shares are issued to you. Upon such issuance, you will obtain full voting and other rights as a shareholder of the Company. Nothing contained in this option, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

19. Severability. If all or any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

20. Miscellaneous.

(a) Securities Law Notice. If required under applicable law, the Company shall use reasonable efforts to receive a securities exemption from the Israeli Securities Authority to avoid the requirement to file an Israeli securities prospectus in relation to the Plan and this Option grant. If such exemption is obtained, copies of the Plan and the Form S-8 registration statement for the Plan as filed with the U.S. Securities and Exchange Commission will be made available by request from Ilan.Hadar@foamix.com.

(b) The rights and obligations of the Company under your option will be transferable to any one or more persons or entities, and all covenants and agreements hereunder will inure to the benefit of, and be enforceable by the Company's successors and assigns.

(c) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your option.

(d) You acknowledge and agree that you have reviewed your option in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your option, and fully understand all provisions of your option.

(e) This Option Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(f) All obligations of the Company under the Plan and this Option Agreement will be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

* * *

This Option Agreement will be deemed to be signed by you upon the signing by you of the Share Option Grant Notice to which it is attached.

For Israeli employees and service providers

Attachment II

2019 Equity Incentive Plan

Attachment III

Notice of Exercise

Foamix Pharmaceuticals Ltd.

Date of Exercise: _____

This constitutes notice to Foamix Pharmaceuticals Ltd. (the "**Company**") under my share option that I elect to purchase the below number of Shares of the Company (the "**Shares**") for the price set forth below.

Type of option (check one):	Incentive <input type="checkbox"/>	Nonstatutory <input type="checkbox"/>
Share option dated:	_____	_____
Number of Shares as to which option is exercised:	_____	_____
Certificates to be issued in name of:	_____	_____
Total exercise price:	\$ _____	\$ _____
Cash payment delivered herewith:	\$ _____	\$ _____
[Value of _____ Shares delivered herewith ⁴ :	\$ _____	\$ _____]
[Value of _____ Shares pursuant to net exercise ⁵ :	\$ _____	\$ _____]
[Regulation T Program (cashless exercise ⁶):	\$ _____	\$ _____]

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the Foamix Pharmaceuticals Ltd. 2019 Equity Incentive Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive share option, to notify you in writing within fifteen (15) days after the date of any disposition of any of the Shares issued upon exercise of this option that occurs within two (2) years after the date of grant of this option or within one (1) year after such Shares are issued upon exercise of this option.

Very truly yours,

⁴ Shares must meet the public trading requirements set forth in the option. Shares must be valued in accordance with the terms of the option being exercised, and must be owned free and clear of any liens, claims, encumbrances or security interests. Certificates must be endorsed or accompanied by an executed assignment separate from certificate.

⁵ The option must be a Nonstatutory Share Option, and the Company must have established net exercise procedures at the time of exercise, in order to utilize this payment method.

⁶ Shares must meet the public trading requirements set forth in the option.

Foamix Pharmaceuticals Ltd.

**Restricted Share Unit Grant Notice
(2019 Equity Incentive Plan)**

Foamix Pharmaceuticals Ltd. (the “*Company*”), pursuant to its 2019 Equity Incentive Plan (the “*Plan*”), hereby awards to Participant a Restricted Share Unit Award for the number of Shares (“*Restricted Share Units*”) set forth below (the “*Award*”). The Award is subject to all of the terms and conditions as set forth in this notice of grant (this “*Restricted Share Unit Grant Notice*”), and in the Plan and the Restricted Share Unit Award Agreement (the “*Award Agreement*”), both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein shall have the meanings set forth in the Plan or the Award Agreement. In the event of any conflict between the terms in this Restricted Share Unit Grant Notice or the Award Agreement and the Plan, the terms of the Plan shall control.

Participant: _____
Date of Grant: _____
Vesting Commencement Date: _____
Number of Restricted Share Units: _____

Vesting Schedule: [_____]¹

Issuance Schedule: Subject to any Capitalization Adjustment, one Share (or its cash equivalent, at the discretion of the Company) will be issued for each Restricted Share Unit that vests at the time set forth in Section 6 of the Award Agreement.

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Restricted Share Unit Grant Notice, the Award Agreement and the Plan. Participant further acknowledges that as of the Date of Grant, this Restricted Share Unit Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of the Share pursuant to the Award specified above and supersede all prior oral and written agreements on the terms of this Award, with the exception, if applicable, of (i) restricted share unit awards or options previously granted and delivered to Participant, (ii) the written employment agreement, offer letter or other written agreement entered into between the Company and Participant specifying the terms that should govern this specific Award, and (iii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law.

By accepting this Award, Participant acknowledges having received and read the Restricted Share Unit Grant Notice, the Award Agreement and the Plan and agrees to all of the terms and conditions set forth in these documents. Participant consents to receive Plan documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

Foamix Pharmaceuticals Ltd.

Participant

By: _____
Signature
Title: _____
Date: _____

Signature
Date: _____

Attachments: Award Agreement and 2019 Equity Incentive Plan

¹ Customized vesting schedule to be inserted, including any acceleration provisions.

Attachment I

Foamix Pharmaceuticals Ltd.

**2019 Equity Incentive Plan
Restricted Share Unit Award Agreement**

Pursuant to the Restricted Share Unit Grant Notice (the “*Grant Notice*”) and this Restricted Share Unit Award Agreement (the “*Agreement*”), Foamix Pharmaceuticals Ltd. (the “*Company*”) has awarded you (“*Participant*”) a Restricted Share Unit Award (the “*Award*”) pursuant to the Company’s 2019 Equity Incentive Plan (the “*Plan*”) for the number of Restricted Share Units/Shares indicated in the Grant Notice. Capitalized terms not explicitly defined in this Agreement or the Grant Notice shall have the same meanings given to them in the Plan. The terms of your Award, in addition to those set forth in the Grant Notice, are as follows.

1. Grant of the Award. This Award represents the right to be issued on a future date one (1) Share for each Restricted Share Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 below) as indicated in the Grant Notice. As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the “*Account*”) the number of Restricted Share Units/Shares subject to the Award. Notwithstanding the foregoing, the Company reserves the right to issue you the cash equivalent of Shares, in part or in full satisfaction of the delivery of Shares in connection with the vesting of the Restricted Share Units, and, to the extent applicable, references in this Agreement and the Grant Notice to Share issuable in connection with your Restricted Share Units will include the potential issuance of its cash equivalent pursuant to such right. This Award was granted in consideration of your services to the Company.

2. Vesting. Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice. Vesting will cease upon the termination of your Continuous Service and the Restricted Share Units credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such Award or the Shares to be issued in respect of such portion of the Award.

3. Number of Shares. The number of Restricted Share Units subject to your Award may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan. Any additional Restricted Share Units, Shares, cash or other property that becomes subject to the Award pursuant to this Section 3, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Share Units and Shares covered by your Award. Notwithstanding the provisions of this Section 3, no fractional Shares or rights for fractional Shares shall be created pursuant to this Section 3. Any fraction of a Share will be rounded down to the nearest whole Share.

4. Securities Law Compliance. You may not be issued any Shares under your Award unless the Shares underlying the Restricted Share Units are either (i) then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award must also comply with other applicable laws and regulations governing the Award, and you shall not receive such Shares if the Company determines that such receipt would not be in material compliance with such laws and regulations.

5. Transfer Restrictions. Prior to the time that Shares have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of this Award or the Shares issuable in respect of your Award, except as expressly provided in this Section 5. For example, you may not use Shares that may be issued in respect of your Restricted Share Units as security for a loan. The restrictions on transfer set forth herein will lapse upon delivery to you of Shares in respect of your vested Restricted Share Units.

(a) **Death.** Your Award is transferable by will and by the laws of descent and distribution. At your death, vesting of your Award will cease and your executor or administrator of your estate shall be entitled to receive, on behalf of your estate, any Shares or other consideration that vested but was not issued before your death.

(b) **Domestic Relations Orders.** Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Shares or other consideration hereunder, pursuant to a domestic relations order, marital settlement agreement or other divorce or separation instrument as permitted by applicable law that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company General Counsel prior to finalizing the domestic relations order or marital settlement agreement to verify that you may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

6. Date of Issuance.

(a) The issuance of Shares in respect of the Restricted Share Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the Withholding Obligation set forth in Section 11 of this Agreement, in the event one or more Restricted Share Units vests, the Company shall issue to you one (1) Share for each Restricted Share Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 above, and subject to any different provisions in the Grant Notice). Each issuance date determined by this paragraph is referred to as an “*Original Issuance Date*”.

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an “open window period” applicable to you, as determined by the Company in accordance with the Company’s then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell Shares on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company’s policies (a “*10b5-1 Arrangement*”)), and

(ii) either (1) a Withholding Obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Obligation by withholding Shares from the Shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a “same day sale” commitment with a broker-dealer pursuant to Section 11 of this Agreement (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Withholding Obligation in cash, then the Shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling Shares in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the Shares under this Award are no longer subject to a “substantial risk of forfeiture” within the meaning of Treasury Regulations Section 1.409A-1(d).

(c) The form of delivery (e.g., a Share certificate or electronic entry evidencing such Shares) shall be determined by the Company.

7. **Dividends.** You shall receive no benefit or adjustment to your Award with respect to any cash dividend, share dividend or other distribution that does not result from a Capitalization Adjustment; provided, however, that this sentence will not apply with respect to any Shares that are delivered to you in connection with your Award after such Shares have been delivered to you.

8. **Restrictive Legends.** The Shares issued in respect of your Award shall be endorsed with appropriate legends as determined by the Company.

9. **Execution of Documents.** You hereby acknowledge and agree that the manner selected by the Company by which you indicate your consent to your Grant Notice is also deemed to be your execution of your Grant Notice and of this Agreement. You further agree that such manner of indicating consent may be relied upon as your signature for establishing your execution of any documents to be executed in the future in connection with your Award.

10. **Award not a Service Contract.**

(a) Nothing in this Agreement (including, but not limited to, the vesting of your Award or the issuance of the Shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ or service of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the vesting schedule provided in the Grant Notice may not be earned unless (in addition to any other conditions described in the Grant Notice and this Agreement) you continue as an employee, director or consultant at the will of the Company and affiliate, as applicable (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a “*reorganization*”). You acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with the Company’s right to terminate your Continuous Service at any time, with or without your cause or notice, or to conduct a reorganization.

11. Withholding Obligation.

(a) On each vesting date, and on or before the time you receive a distribution of the Shares in respect of your Restricted Share Units, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you hereby authorize any required withholding from the Share issuable to you and/or otherwise agree to make adequate provision, including in cash, for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the “*Withholding Obligation*”).

(b) By accepting this Award, you acknowledge and agree that the Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Obligation relating to your Restricted Share Units by any of the following means or by a combination of such means: (i) causing you to pay any portion of the Withholding Obligation in cash; (ii) withholding from any compensation otherwise payable to you by the Company; (iii) withholding Shares from the Shares issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date Shares are issued pursuant to Section 6) equal to the amount of such Withholding Obligation; provided, however, that the number of such Shares so withheld will not exceed the amount necessary to satisfy the Withholding Obligation using the maximum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and *provided*, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such Share withholding procedure will be subject to the express prior approval of the Board or the Company’s Compensation Committee; and/or (iv) permitting or requiring you to enter into a “same day sale” commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a “*FINRA Dealer*”), pursuant to this authorization and without further consent, whereby you irrevocably elect to sell a portion of the Shares to be delivered in connection with your Restricted Share Units to satisfy the Withholding Obligation and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Obligation directly to the Company and/or its Affiliates. Unless the Withholding Obligation is satisfied, the Company shall have no obligation to deliver to you any Share or any other consideration pursuant to this Award.

(c) In the event the Withholding Obligation arises prior to the delivery to you of Share or it is determined after the delivery of Share to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

12. Tax Consequences. The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so. You understand that you (and not the Company) shall be responsible for your own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

13. Unsecured Obligation. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company’s obligation, if any, to issue Shares or other property pursuant to this Agreement. You shall not have voting or any other rights as a shareholder of the Company with respect to the Shares to be issued pursuant to this Agreement until such Shares are issued to you pursuant to Section 6 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a shareholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

14. Notices. Any notice or request required or permitted hereunder shall be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this Award, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

15. Headings. The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

16. Miscellaneous.

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

17. Governing Plan Document. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Your Award (and any compensation paid or Shares issued under your Award) is subject to recoupment in accordance with The Dodd-Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntarily terminate employment upon a resignation for "good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

18. Effect on Other Employee Benefit Plans. The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

19. Severability. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

20. Other Documents. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act. In addition, you acknowledge receipt of the Company's policy permitting certain individuals to sell Shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

21. Amendment. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that, except as otherwise expressly provided in the Plan, no such amendment materially adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the Award as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

22. Compliance with Section 409A of the Code. This Award is intended to be exempt from the application of Section 409A of the Code, including but not limited to by reason of complying with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and any ambiguities herein shall be interpreted accordingly. Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and determined to be deferred compensation subject to Section 409A of the Code, this Award shall comply with Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly. If it is determined that the Award is deferred compensation subject to Section 409A and you are a "Specified Employee" (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your "Separation from Service" (as defined in Section 409A), then the issuance of any Shares that would otherwise be made upon the date of your Separation from Service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the Separation from Service, with the balance of the Shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the Shares is necessary to avoid the imposition of adverse taxation on you in respect of the Shares under Section 409A of the Code. Each installment of Shares that vests is intended to constitute a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

* * * * *

This Restricted Share Unit Award Agreement shall be deemed to be signed by the Company and the Participant upon the signing by the Participant of the Restricted Share Unit Grant Notice to which it is attached.

Attachment II
2019 Equity Incentive Plan

For Israeli employees and service providers

Foamix Pharmaceuticals Ltd.

**Restricted Share Unit Grant Notice
(2019 Equity Incentive Plan)**

Foamix Pharmaceuticals Ltd. (the “*Company*”), pursuant to its 2019 Equity Incentive Plan including its Sub-Plan for Israeli Participants (jointly the “*Plan*”), hereby awards to Participant a Restricted Share Unit Award for the number of Shares (“*Restricted Share Units*”) set forth below (the “*Award*”). The Award is subject to all of the terms and conditions as set forth in this notice of grant (this “*Restricted Share Unit Grant Notice*”), and in the Plan and the Restricted Share Unit Award Agreement (the “*Award Agreement*”), both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein shall have the meanings set forth in the Plan or the Award Agreement. In the event of any conflict between the terms in this Restricted Share Unit Grant Notice or the Award Agreement and the Plan, the terms of the Plan shall control.

Participant: _____
Date of Grant: _____
Vesting Commencement Date: _____
Number of Restricted Share Units: _____

Type of Grant: Trustee Capital Gains Route¹

Vesting Schedule: [_____]²

Issuance Schedule: Subject to any Capitalization Adjustment, one Share (or its cash equivalent, at the discretion of the Company) will be issued for each Restricted Share Unit that vests at the time set forth in Section 6 of the Award Agreement.

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Restricted Share Unit Grant Notice, the Award Agreement and the Plan. Participant further acknowledges that as of the Date of Grant, this Restricted Share Unit Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of the Share pursuant to the Award specified above and supersede all prior oral and written agreements on the terms of this Award, with the exception, if applicable, of (i) restricted share unit awards or options previously granted and delivered to Participant, (ii) the written employment agreement, offer letter or other written agreement entered into between the Company and Participant specifying the terms that should govern this specific Award, and (iii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law.

By accepting this Award, Participant acknowledges having received and read the Restricted Share Unit Grant Notice, the Award Agreement and the Plan and agrees to all of the terms and conditions set forth in these documents. Participant consents to receive Plan documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

Additional Terms/Acknowledgements for Awards classified as Trustee Capital Gains Route: Participant (i) declares that he/she has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice, (ii) declares that she/he is familiar with Section 102 and the regulations and rules promulgated thereunder, including without limitations the provisions of the applicable tax route, and agrees to comply with such provisions, as amended from time to time, provided that if such terms are not met, Section 102 may not apply; (iii) agrees to the terms and conditions of the trust deed signed between the Trustee and the Company, including but not limited to the holding of the Shares by the Trustee; (iv) acknowledges that releasing the Shares from the holding of the Trustee prior to the termination of the Holding Period constitutes a violation of the terms of Section 102 and agrees to bear the relevant sanctions; (v) authorizes the Company to provide the Trustee with any information required for the purpose of administering the Plan including executing its obligations under the Ordinance, the trust deed and the trust agreement, including without limitation information about his/her Shares, income tax rates, salary bank account, contact details and identification number; (vi) declares that he/she is a resident of the State of Israel for tax purposes on the Grant Date and agrees to notify the Company upon any change in the residence address indicated above and acknowledges that if he/she ceases to be an Israeli resident or if his/her engagement with the Company or Affiliate is terminated, the Shares shall remain subject to Section 102, the trust agreement, the Plan, the Agreement and this Notice.

¹ Tax route for employees of the Company in Israel.

² Customized vesting schedule to be inserted, including any acceleration provisions.

Foamix Pharmaceuticals Ltd.

Participant

By: _____

Signature

Title: _____

Date: _____

Signature

Date: _____

Attachments: Award Agreement and 2019 Equity Incentive Plan

Attachment I

Foamix Pharmaceuticals Ltd.

**2019 Equity Incentive Plan
Restricted Share Unit Award Agreement**

Pursuant to the Restricted Share Unit Grant Notice (the "*Grant Notice*") and this Restricted Share Unit Award Agreement (the "*Agreement*"), Foamix Pharmaceuticals Ltd. (the "*Company*") has awarded you ("*Participant*") a Restricted Share Unit Award (the "*Award*") pursuant to the Company's 2019 Equity Incentive Plan (the "*Plan*") for the number of Restricted Share Units/Shares indicated in the Grant Notice. Capitalized terms not explicitly defined in this Agreement or the Grant Notice shall have the same meanings given to them in the Plan. The terms of your Award, in addition to those set forth in the Grant Notice, are as follows.

1. Grant of the Award. This Award represents the right to be issued on a future date one (1) Share for each Restricted Share Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 below) as indicated in the Grant Notice. As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "*Account*") the number of Restricted Share Units/Shares subject to the Award. Notwithstanding the foregoing, the Company reserves the right to issue you the cash equivalent of Shares, in part or in full satisfaction of the delivery of Shares in connection with the vesting of the Restricted Share Units, and, to the extent applicable, references in this Agreement and the Grant Notice to Share issuable in connection with your Restricted Share Units will include the potential issuance of its cash equivalent pursuant to such right. This Award was granted in consideration of your services to the Company.

2. Vesting. Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice. Vesting will cease upon the termination of your Continuous Service and the Restricted Share Units credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such Award or the Shares to be issued in respect of such portion of the Award.

3. Number of Shares. The number of Restricted Share Units subject to your Award may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan. Any additional Restricted Share Units, Shares, cash or other property that becomes subject to the Award pursuant to this Section 3, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Share Units and Shares covered by your Award. Notwithstanding the provisions of this Section 3, no fractional Shares or rights for fractional Shares shall be created pursuant to this Section 3. Any fraction of a Share will be rounded down to the nearest whole Share.

4. Trustee. The Awards and the underlying Shares and/or any additional rights, including without limitation any right to receive any dividends, dividend equivalents or any shares received as a result of an adjustment made under the Plan, that may be granted in connection with the Awards (the "Additional Rights") shall be issued to the Trustee for your benefit under the provisions of the 102 Capital Gains Route for at least the period stated in Section 102 of the Ordinance and the Income Tax Rules (Tax Benefits in Share Issuance to Employees) 5763-2003 (the "Rules"). In the event the Awards do not meet the requirements of Section 102 of the Ordinance, such Awards and the underlying Shares shall not qualify for the favorable tax treatment under the Capital Gains Route of Section 102 of the Ordinance. The Company makes no representations or guarantees that the Awards will qualify for favorable tax treatment and will not be liable or responsible if favorable tax treatment is not available under Section 102 of the Ordinance. Any fees associated with any sale, transfer or any act in relation to the Awards shall be borne by you and the Trustee and/or the Company shall be entitled to withhold or deduct such fees from payments otherwise due to you from the Company or the Trustee. In accordance with the requirements of Section 102 of the Ordinance and the Capital Gains Route, you shall not sell nor transfer the Shares or Additional Rights from the Trustee until the end of the required Holding Period. Notwithstanding the above, if any such sale or transfer occurs before the end of the required Holding Period, you shall bear the sanctions under Section 102.

5. **Securities Law Compliance.** You may not be issued any Shares under your Award unless the Shares underlying the Restricted Share Units are either (i) then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award must also comply with other applicable laws and regulations governing the Award, and you shall not receive such Shares if the Company determines that such receipt would not be in material compliance with such laws and regulations.

6. **Transfer Restrictions.** Prior to the time that Shares have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of this Award or the Shares issuable in respect of your Award, except as expressly provided in this Section 5. For example, you may not use Shares that may be issued in respect of your Restricted Share Units as security for a loan. The restrictions on transfer set forth herein will lapse upon delivery to you of Shares in respect of your vested Restricted Share Units.

(a) **Death.** Your Award is transferable by will and by the laws of descent and distribution. At your death, vesting of your Award will cease and your executor or administrator of your estate shall be entitled to receive, on behalf of your estate, any Shares or other consideration that vested but was not issued before your death.

(b) **Domestic Relations Orders.** Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Shares or other consideration hereunder, pursuant to a domestic relations order, marital settlement agreement or other divorce or separation instrument as permitted by applicable law that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company General Counsel prior to finalizing the domestic relations order or marital settlement agreement to verify that you may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

7. **Date of Issuance.**

(a) The issuance of Shares in respect of the Restricted Share Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the Withholding Obligation set forth in Section 11 of this Agreement, in the event one or more Restricted Share Units vests, the Company shall issue to you one (1) Share for each Restricted Share Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 above, and subject to any different provisions in the Grant Notice). Each issuance date determined by this paragraph is referred to as an “*Original Issuance Date*”.

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an “open window period” applicable to you, as determined by the Company in accordance with the Company’s then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell Shares on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company’s policies (a “**10b5-1 Arrangement**”)), and

(ii) either (1) a Withholding Obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Obligation by withholding Shares from the Shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a “same day sale” commitment with a broker-dealer pursuant to Section 11 of this Agreement (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Withholding Obligation in cash,

then the Shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling Shares in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the Shares under this Award are no longer subject to a “substantial risk of forfeiture” within the meaning of Treasury Regulations Section 1.409A-1(d).

(c) The form of delivery (*e.g.*, a Share certificate or electronic entry evidencing such Shares) shall be determined by the Company.

8. Dividends. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, share dividend or other distribution that does not result from a Capitalization Adjustment; provided, however, that this sentence will not apply with respect to any Shares that are delivered to you in connection with your Award after such Shares have been delivered to you.

9. Restrictive Legends. The Shares issued in respect of your Award shall be endorsed with appropriate legends as determined by the Company.

10. Execution of Documents. You hereby acknowledge and agree that the manner selected by the Company by which you indicate your consent to your Grant Notice is also deemed to be your execution of your Grant Notice and of this Agreement. You further agree that such manner of indicating consent may be relied upon as your signature for establishing your execution of any documents to be executed in the future in connection with your Award.

11. Award not a Service Contract.

(a) Nothing in this Agreement (including, but not limited to, the vesting of your Award or the issuance of the Shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ or service of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the vesting schedule provided in the Grant Notice may not be earned unless (in addition to any other conditions described in the Grant Notice and this Agreement) you continue as an employee, director or consultant at the will of the Company and affiliate, as applicable (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a “*reorganization*”). You acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with the Company’s right to terminate your Continuous Service at any time, with or without your cause or notice, or to conduct a reorganization.

12. Withholding Obligation.

(a) By accepting this Award, you acknowledge and agree that the Company any Affiliate or the Trustee may, in its sole discretion, satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the “*Withholding Obligation*”) relating to your Restricted Share Units and underlying Shares by any of the following means or by a combination of such means: (i) causing you to pay any portion of the Withholding Obligation in cash; (ii) withholding from any compensation otherwise payable to you by the Company; (iii) withholding from consideration received upon sale of the Shares; (iv) withholding Shares from the Shares issued or otherwise issuable to you in connection with the Award with a Fair Market Value equal to the amount of such Withholding Obligation; provided, however, that the number of such Shares so withheld will not exceed the amount necessary to satisfy the Withholding Obligation using the maximum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and/or (v) permitting or requiring you to enter into a “same day sale” commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a “*FINRA Dealer*”), pursuant to this authorization and without further consent, whereby you irrevocably elect to sell a portion of the Shares to be delivered in connection with your Restricted Share Units to satisfy the Withholding Obligation and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Obligation directly to the Company and/or its Affiliates. Unless the Withholding Obligation is satisfied, the Company shall have no obligation to deliver to you any Share or any other consideration pursuant to this Award.

(b) In the event the Withholding Obligation arises prior to the delivery to you of Share or it is determined after the delivery of Share to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

(c) Regardless of any action the Company its Affiliates or the Trustee takes with respect to any Withholding Obligation you acknowledge that the ultimate liability for all income tax, social insurance, payroll tax, payment on account or other tax related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), is and remains on you (and in the event of death, your heirs) responsibility and may exceed the amount actually withheld by the Company or any Affiliate. If you are subject to Tax-Related Items in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company and/or the Trustee may be required to withhold or account for Tax-Related Items in more than one jurisdiction. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the Awards, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

(a) The Company, any Affiliate, or the Trustee or anyone on their behalf shall not be required to bear the aforementioned Tax-Related Items, directly or indirectly, nor shall they be required to gross up such Tax-Related Items in your salaries or remuneration.

13. Tax Consequences. The Awards are intended to be taxed in accordance with Section 102(b)(3) of the Ordinance, subject to full and complete compliance with the terms of Section 102. If you have dual residency for tax purposes you may be subject to taxation in several jurisdictions. Despite the aforementioned, the Company does not undertake to maintain the qualified status of the Awards and you acknowledge that you will not be entitled to damages of any kind if the Award becomes disqualified and no longer qualifies under the 102 Capital Gains Route. The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so. You understand that you (and not the Company) shall be responsible for your own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

14. Unsecured Obligation. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue Shares or other property pursuant to this Agreement. You shall not have voting or any other rights as a shareholder of the Company with respect to the Shares to be issued pursuant to this Agreement until such Shares are issued to you pursuant to Section 6 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a shareholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

15. Notices. Any notice or request required or permitted hereunder shall be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this Award, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Headings. The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

17. Miscellaneous.

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

18. Governing Plan Document. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Your Award (and any compensation paid or Shares issued under your Award) is subject to recoupment in accordance with The Dodd-Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntarily terminate employment upon a resignation for "good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

19. Effect on Other Employee Benefit Plans. The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

20. Severability. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

21. Other Documents. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b) (1) promulgated under the Securities Act. In addition, you acknowledge receipt of the Company's policy permitting certain individuals to sell Shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

22. Amendment. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that, except as otherwise expressly provided in the Plan, no such amendment materially adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the Award as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

23. Compliance with Section 409A of the Code. This Award is intended to be exempt from the application of Section 409A of the Code, including but not limited to by reason of complying with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and any ambiguities herein shall be interpreted accordingly. Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and determined to be deferred compensation subject to Section 409A of the Code, this Award shall comply with Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly. If it is determined that the Award is deferred compensation subject to Section 409A and you are a "Specified Employee" (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your "Separation from Service" (as defined in Section 409A), then the issuance of any Shares that would otherwise be made upon the date of your Separation from Service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the Separation from Service, with the balance of the Shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the Shares is necessary to avoid the imposition of adverse taxation on you in respect of the Shares under Section 409A of the Code. Each installment of Shares that vests is intended to constitute a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

24. Securities Law Notice. If required under applicable law, the Company shall use reasonable efforts to receive a securities exemption from the Israeli Securities Authority to avoid the requirement to file an Israeli securities prospectus in relation to the Plan and this Award grant. If such exemption is obtained, copies of the Plan and the Form S-8 registration statement for the Plan as filed with the U.S. Securities and Exchange Commission will be made available by request from [insert email address].

* * * * *

This Restricted Share Unit Award Agreement shall be deemed to be signed by the Company and the Participant upon the signing by the Participant of the Restricted Share Unit Grant Notice to which it is attached.

Attachment II
2019 Equity Incentive Plan
