Therapix signs an exclusive licensing agreement with Dekel regarding the "entourage effect" technology

The Company and Dekel Pharmaceuticals Ltd. ("Dekel") have signed a definitive exclusive royalty baring license agreement regarding Dekel's technology, IPs and know-how. The Company granted Dekel an option for investing in the Company at pre-defined terms. The agreement was approved by the ISA and TASE.

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The Entourage Effect

Cannabinoids are a diverse group of chemical compounds that operate on specific receptors in the body (CB1 and CB2). This family includes molecules that are derived from the cannabis plant -phytocannabinoids- (the most known ones being THC and CBD) and molecules that are naturally produced in the human and animal body -endocannabinoids- (such as AEA and 2-AG). Dozens of molecules have been identified as part of the cannabinoid family. Cannabinoids participate in a large number of physiological processes and are used for treating a wide range of medical conditions. Cannabinoids have been proven as pain relievers and anti-inflammatory, prevent nausea and enhance appetite and are therefore widely used among cancer patients who undergo chemotherapy. Other uses include mental health and psychological conditions such as posttraumatic stress disorder and anxiety. These compounds were also found to be effective in treating epilepsy, Parkinson's, cancer and MS.

In 1998, Prof. Raphael Mechoulam, Israel Prize laureate, described the "entourage effect" which explains how an allegedly inactive compound synergizes with an active cannabinoid. One of the most studied cannabinoids in entourage effect research is the palmitoylethanolamide (PEA), part of the endocannabinoid family derived from fatty acids. PEA has extensive pharmacological benefits such as relieving pain and inflammation. Despite being part of the endocannabinoid system, PEA does not bind to the CB1 and CB2 receptors.

Dekel's entourage effect technology and knowhow consist of synergizing compounds like PEA with other cannabinoids and drug families such as opiates and steroids in order to increase the drug's effect thereby allowing the use of smaller doses and preventing undesired side effects. Several clinical trials have demonstrated the synergy between PEA and other painkillers such as opiates and anti-epileptic drugs that are given for neuropathic pain. When combined with opiates, PEA significantly mitigates the dependency on morphine and doubles the number of days of the drug's efficacy without causing dependency. Dekel has also illustrated PEA-induced enhanced steroid activity, mainly when used dermatologically. This enhanced activity stems from the

shared effect of the steroids and PEA on the target molecules. PEA's ability to intensify the cannabinoid system's activity has been described by Prof. Mechoulam.

Dekel investigated synergizing PEA with THC in order to create a new drug under an accelerated regulatory approval process to enhance THC's medicinal effect. Such a drug will potentially minimize the side effects relating to the use of these compounds. Combining PEA with phytocannabinoids (THC and CBD) will support the enhancement of the efficacy of the drugs based on these compounds for indications such as pain relief, nausea and vomiting in cancer patients.

The license agreement with Dekel

On May, 2015, the Company's Board approved the signing and the terms of a binding term sheet underlying the license agreement with Dekel, and in June the agreement was approved by the Company's shareholders.

The principal terms of the license agreement are as follows:

1. General - the approved outline sets forth a general outline of conditions for the grant of a license for Dekel's technology to the Company simultaneously with Dekel's capital investment in the Company (by itself and/or through others). The objective of the engagement between the parties is to allow the Company to develop Dekel's technology through the license agreement and simultaneously raise the capital needed for this purpose.

2. Agreement for licensing Dekel's technology - Dekel grants the Company an irrevocable global exclusive royalty-bearing to use Dekel's technology for research and development, manufacturing, sale, distribution, marketing and commercialization of drugs which are derived from this technology (including sublicenses). In return for the license, the Company will pay Dekel certain amounts based on specific milestones as described below:

   2.1 Upon the success of pre-clinical trials in Dekel's technology - US$ 25 thousand (in cash and/or in share capital (at a price of NIS 0.5 per Ordinary share of the Company) ("**cash and/or equity-settled payments**"));

   2.2 Upon the success of Phase I/IIa clinical trials in Dekel's technology - US$ 75 thousand in cash and/or equity-settled payments;

   2.3 Upon the generation of revenues from the commercialization of products that are based on Dekel's technology or FDA/EMA approval of the drug that is based on Dekel's technology - US$ 75 thousand in cash and/or equity-settled payments.

3. Advance royalties - upon the signing of the license agreement, the Company will pay Dekel an amount of NIS 100 thousand (in the Company's shares at a value of NIS 0.5 per Ordinary share or ay a cash payment) as an advance on account of future royalties ("**the advance**"). The advance will be returned to the Company by offsetting it from any future royalties based on the license agreement until the entire advance is offset. In addition, the Company will pay Dekel royalties as follows: 8% of net salesand 35% of Sublicense Receipts.

4. Development obligation - the Company will lead, manage and finance the development of the technology, including conducting pre-clinical trials, GMP-based development and clinical tests with a minimum annual investment (as determined in the approved outline) or based on an approved budget.

5. Option for investing in the Company ("**the option**") - upon signing the license agreement, Dekel will have an option to purchase up to 3,876,000 Ordinary shares at a price of NIS 0.5 per Ordinary share for a period of three months from the date of signing the license agreement.

6. Additional option for investing in the Company ("**the additional option**") - subject to the exercise of the option mentioned in paragraph 5 above, Dekel will have an additional option purchase up to 11,926,154 Ordinary shares at a price of NIS 0.65 per Ordinary share for a period of 15 months from the date of signing the license agreement.

7. IP - if in the first year any of the payments owed to Dekel as described above is not made (including the Company's R&D obligation), the license will be revoked and Dekel's IP under the license will be returned to Dekel (excluding the IP that is generated by the Company's research and development activity in the technology). If after the first year any of the payments owed to Dekel as described above is not made (including the Company's R&D obligation), the license will be revoked and the entire IP developed under the license will be returned to Dekel (including the IP that is generated by the Company's research and development activity in the technology).

8. Assignment of the option and/or the additional option for investing in the Company's shares to third parties - Dekel will be entitled to assign its right (or part thereof) in the option and/or the additional option for investing in the Company's shares to a third party provided that the third party fully secures its investment pursuant to the option and/or additional option. In the event that following the exercise of the option in the context of such assignment the assignee will be granted 25% or more of the Company's entire voting rights, the assignment will require the approval of the Company's Audit Committee. For the

purpose of this paragraph, the percentage of "voting rights" will be calculated on a cumulative basis along with any assignee's other holdings in the Company immediately prior to the assignment and collectively with any other previous assignment as prescribed in this paragraph. In addition, any exercise of the option and/or the additional option (or part thereof) will be governed by the provisions of applicable law regarding purchase offers, under the circumstances.

The Company believes that the license agreement with Dekel coincides with the Company's business strategy and is potentially synergetic with (and advantageous to) other activities that the Company has been exploring for some time in this field.

Forward-looking information warning - the Company's information and evaluations discussed above in connection with the final and binding agreement, the fulfillment of any of the abovementioned milestones, the integration of Dekel's activity in the Company's activities and its contribution to the Company, including forecasts, dates, evaluations and/or plans of the Company in connection therewith all represent forward-looking information, as this term is defined in the Securities Law, which involves a great degree of uncertainty and is based, among others, on outside factors (including information received from Dekel) and numerous variables which are not necessarily under the Company's control and therefore, the fulfillment of the conditions and milestones and/or their expected costs, dates and relevant schedules might not materialize in practice and/or might not materialize in full and/or might materialize in a manner that is materially different from that originally evaluated or anticipated. Among the factors that are liable to cause the Company's information and evaluations not to materialize as expected are the discovery of material scientific data that will significantly modify the terms and/or viability of the engagement, failure to complete the R&D process of the entourage effect technology (including in the context of pre-clinical and/or clinical trials or non-compliance with such pre-clinical and/or clinical trial targets) and/or demands for repeating clinical trials on products developed based on the entourage effect technology, failure to obtain the necessary regulatory approvals from the authorities in a timely manner and/or at all, or potential disputes with regulatory authorities and the related consequences, changes and/or aggravation of the approval policy of regulatory authorities with respect to developed products, failure to obtain the additional financing required for completion of development and/or entering into strategic collaboration agreements for completing the development of Dekel's products, entry of other competitors for Dekel's products into the market, changes in the structure of the competition in the target markets of Dekel's products and the realization of any of the risk factors detailed in the Description of the Corporation's Business- part of the Company's annual report for 2014. It should also be emphasized that there is no certainty that

pre-clinical and/or clinical trials of products developed on the basis of the entourage effect technology will yield successful results, which in turn might require making adjustments to the Company's R&D plans, budgets and timetables.