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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 June 30, 2020

OR

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

For the transition period from _____ to_____

001-33357
(Commission file number)

PROTALIX BIOTHERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**65-0643773**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2 Snunit Street Science Park POB 455 Carmiel, Israel	
(Address of principal executive offices)	**2161401 (Zip Code)**

+972-4-988-9488
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common stock, $0.001 par value	PLX	NYSE American

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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth 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 ☒

On August 1, 2020, approximately 32,442,636 shares of the Registrant's common stock, $0.001 par value, were outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

PROTALIX BIOTHERAPEUTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands)
(Unaudited)

	June 30, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,843	$ 17,792
Short-term bank deposits	30,147	-
Accounts receivable – Trade	5,262	4,700
Other assets	2,893	1,832
Inventories	11,065	8,155
Total current assets	$ 54,210	$ 32,479
NON-CURRENT ASSETS:		
Long-term bank deposits	$ 5,025	-
Funds in respect of employee rights upon retirement	2,005	$ 1,963
Property and equipment, net	4,793	5,273
Operating lease right of use assets	5,677	5,677
Total non-current assets	$ 17,500	$ 12,913
Total assets	$ 71,710	$ 45,392
LIABILITIES NET OF CAPITAL DEFICIENCY		
CURRENT LIABILITIES:		
Accounts payable and accruals:		
Trade	$ 6,707	$ 6,495
Other	11,910	11,905
Operating lease liabilities	1,145	1,139
Contracts liability	18,352	16,335
Promissory note	4,301	4,301
Total current liabilities	$ 42,415	$ 40,175
LONG TERM LIABILITIES:		
Convertible notes	$ 52,622	$ 50,957
Contracts liability	4,122	16,980
Liability for employee rights upon retirement	2,665	2,565
Operating lease liabilities	4,526	4,528
Other long term liabilities	124	509
Total long term liabilities	$ 64,059	$ 75,539
Total liabilities	$ 106,474	$ 115,714
COMMITMENTS		
CAPITAL DEFICIENCY	(34,764)	(70,322)
Total liabilities net of capital deficiency	$ 71,710	$ 45,392

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

PROTALIX BIOTHERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except per share data)
(Unaudited)

	Six Months Ended		Three Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues from selling goods	$ 8,679	$ 6,960	$ 3,648	$ 3,430
Revenues from license and R&D services	23,934	15,726	7,319	8,817
Total revenue	32,613	22,686	10,967	12,247
Cost of goods sold	(5,253)	(4,740)	(1,827)	(2,695)
Research and development expenses, net (1)	(19,526)	(25,021)	(9,186)	(13,323)
Selling, general and administrative expenses (2)	(5,381)	(4,298)	(2,194)	(2,068)
Operating income (loss)	2,453	(11,373)	(2,240)	(5,839)
Financial expenses	(5,177)	(3,827)	(1,948)	(1,907)
Financial income	241	193	38	3
Financial expenses, net	(4,936)	(3,634)	(1,910)	(1,904)
Net loss for the period	$ (2,483)	$ (15,007)	$ (4,150)	$ (7,743)
Loss per share of common stock - basic and diluted	$ (0.12)	$ (1.01)	$ (0.13)	$ (0.52)
Weighted average number of shares of common stock used in computing loss per share – basic and diluted	19,923,935	14,838,213	32,442,636	14,838,213
(1) Includes share-based compensation	$ 73	$ 316	$ (5)	$ 138
(2) Includes share-based compensation	$ 625	$ 87	$ 272	$ (25)

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

PROTALIX BIOTHERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY
(U.S. dollars in thousands, except per share data)
(Unaudited)

	Common Stock (1)	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total
	Number of Shares	Amount			
Balance at January 1, 2019	**14,838,213**	**$ 15**	**$ 269,657**	**$ (322,553)**	**$ (52,881)**
Changes during the six-month period ended June 30, 2019:					
Share-based compensation			403		403
Net loss for the period				(15,007)	(15,007)
Balance at June 30, 2019	**14,838,213**	**$ 15**	**$ 270,060**	**$ (337,560)**	**$ (67,485)**
Balance at January 1, 2020	**14,838,213**	**$ 15**	**$ 270,492**	**$ (340,829)**	**$ (70,322)**
Changes during the six-month period ended June 30, 2020:					
Issuance of common stock and warrants, net of issuance cost	17,604,423	18	41,325		41,343
Note receivable from issuance of common stock and warrants			(4,000)		(4,000)
Share-based compensation			698		698
Net loss for the period				(2,483)	(2,483)
Balance at June 30, 2020	**32,442,636**	**$ 33**	**$ 308,515**	**$ (343,312)**	**$ (34,764)**
Balance at March 31, 2019	**14,838,213**	**$ 15**	**$ 269,947**	**$ (329,817)**	**$ (59,855)**
Changes during the three-month period ended June 30, 2019:					
Share-based compensation			113		113
Net loss for the period				(7,743)	(7,743)
Balance at June 30, 2019	**14,838,213**	**$ 15**	**$ 270,060**	**$ (337,560)**	**$ (67,485)**
Balance at March 31, 2020	**32,442,636**	**$ 33**	**$ 308,248**	**$ (339,162)**	**$ (30,881)**
Changes during the three-month period ended June 30, 2020:					
Share-based compensation			267		267
Net loss for the period				(4,150)	(4,150)
Balance at June 30, 2020	**32,442,636**	**$ 33**	**$ 308,515**	**$ (343,312)**	**$ (34,764)**

(1) Common Stock, $0.001 par value; Authorized – as of June 30, 2020 and 2019 - 120,000,000 and 350,000,000, respectively.

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

PROTALIX BIOTHERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)
(Unaudited)

	Six Months Ended	
	June 30, 2020	June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,483)	$ (15,007)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Share based compensation	698	403
Depreciation	710	784
Financial expenses (income), net (mainly exchange differences)	(250)	150
Changes in accrued liability for employee rights upon retirement	107	13
Loss on amounts funded in respect of employee rights upon retirement	22	-
Amortization of debt issuance costs and debt discount	1,665	1,435
Changes in operating assets and liabilities:		
Decrease in contracts liability (including non-current portion)	(10,841)	(442)
Increase in accounts receivable and other assets	(1,621)	(2,811)
Changes in right of use assets	27	(69)
Decrease (increase) in inventories	(2,910)	1,571
Increase in accounts payable and accruals	309	1,471
Increase (decrease) in other long term liabilities	(385)	56
Net cash used in operating activities	$ (14,952)	$ (12,446)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in bank deposits (including long-term deposits)	$ (35,000)	$ -
Purchase of property and equipment	(278)	(207)
Increase in restricted deposit	-	(236)
Amounts funded in respect of employee rights upon retirement, net	(69)	(23)
Net cash used in investing activities	$ (35,347)	$ (466)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock and warrants, net of issuance cost	$ 37,343	$ -
Net cash provided by financing activities	$ 37,343	$ -
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	$ 7	$ 200
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,949)	(12,712)
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,792	37,808
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 4,843	$ 25,096

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

PROTALIX BIOTHERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)
(Unaudited)

(Continued) – 2

	Six Months Ended	
	June 30, 2020	**June 30, 2019**
SUPPLEMENTARY INFORMATION ON INVESTING AND FINANCING ACTIVITIES NOT INVOLVING CASH FLOWS:		
Purchase of property and equipment	$ 50	$ 329
Right of use assets obtained in exchange for new operating lease liabilities	$ 362	
Note receivable from issuance of common stock and warrants	$ 4,000	

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

PROTALIX BIOTHERAPEUTICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

a. General

Protalix BioTherapeutics, Inc. (collectively with its subsidiaries, the "Company") and its wholly-owned subsidiaries, Protalix Ltd. and Protalix B.V. (collectively, the "Subsidiaries"), are biopharmaceutical companies focused on the development and commercialization of recombinant therapeutic proteins based on the Company's proprietary ProCellEx® protein expression system ("ProCellEx"). To date, the Company has successfully developed taliglucerase alfa (marketed under the name BioManguinhos alfataliglicerase in Brazil and certain other Latin American countries and Elelyso® in the rest of the territories) for the treatment of Gaucher disease that has been approved for marketing in the United States, Brazil, Israel and other markets. The Company has a number of product candidates in varying stages of the clinical development process. The Company's strategy is to develop proprietary recombinant proteins that are therapeutically superior to existing recombinant proteins currently marketed for the same indications.

The Company's product pipeline currently includes, among other candidates:

(1) pegunigalsidase alfa, or PRX-102, a therapeutic protein candidate for the treatment of Fabry disease, a rare, genetic lysosomal disorder;

(2) alidornase alfa, or PRX-110, a proprietary plant cell recombinant human Deoxyribonuclease 1, or DNase;

(3) OPRX-106, the Company's oral anti-TNF product candidate which is being developed as an orally-delivered anti-inflammatory treatment using plant cells as a natural capsule for the expressed protein; and

(4) PRX-115, the Company's plant cell-expressed recombinant PEGylated Uricase (Urate Oxidase) – a chemically modified enzyme to treat Gout.

Obtaining marketing approval with respect to any product candidate in any country is dependent on the Company's ability to implement the necessary regulatory steps required to obtain such approvals. The Company cannot reasonably predict the outcome of these activities.

On May 28, 2020, the Company, together with Chiesi Global Rare Diseases, a unit of Chiesi Farmaceutici S.p.A., the Company's development and commercialization partner ("Chiesi"), announced the submission on May 27, 2020 of a Biologics License Application (BLA) to the U.S. Food and Drug Administration (the "FDA") for pegunigalsidase alfa for the treatment of adult patients with Fabry disease under the FDA's Accelerated Approval pathway. On July 28, 2020, the FDA informed Chiesi that the BLA had been filed for review and that the FDA was working on the 74-day letter. In addition, the FDA informed Chiesi that no "Refuse To File" will be issued for the PRX-102 BLA.

On March 18, 2020, the Company completed a private placement of its common stock and warrants. In connection with the offering, the Company issued 17,604,423 unregistered shares of the Company's common stock, par value $0.001 per share (the "Common Stock"), at a purchase price per share of $2.485 and warrants to purchase an additional 17,604,423 shares of Common Stock at an exercise price of $2.36 per share. The warrants are exercisable commencing six months following their issuance for a period of five years from the date of issuance. For accounting purposes, the warrants are classified as equity considering the warrants' terms.

The net proceeds committed to the Company from the private placement were approximately $41.3 million, after deducting advisory fees and other estimated offering expenses.

In July 2020, the Company collected total proceeds of approximately $4.6 million from accounts receivable outstanding at June 30, 2020; approximately $1.6 million in connection with its collaboration with Chiesi and approximately $3.0 million from sales of BioManguinhos alfataliglicerase to Fundação Oswaldo Cruz ("Fiocruz"), an arm of the Brazilian Ministry of Health (the "Brazilian MoH").

PROTALIX BIOTHERAPEUTICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

On October 19, 2017, Protalix Ltd. and Chiesi entered into an Exclusive License and Supply Agreement (the "Chiesi Ex-US Agreement") pursuant to which Protalix Ltd.granted to Chiesi an exclusive license for all markets outside of the United States to commercialize pegunigalsidase alfa. On July 23, 2018, Protalix Ltd. entered into an Exclusive License and Supply Agreement with Chiesi (the "Chiesi US Agreement") with respect to the commercialization of pegunigalsidase alfa in the United States.

Under each of the Chiesi Ex-US Agreement and the Chiesi US Agreement (collectively, the "Chiesi Agreements"), Chiesi made an upfront payment to Protalix Ltd. of $25.0 million in connection with the execution of each agreement. In addition, under the Chiesi Ex-US Agreement, Protalix Ltd. is entitled to additional payments of up to $25.0 million in pegunigalsidase alfa development costs, capped at $10.0 million per year, and to receive additional payments of up to $320.0 million, in the aggregate, in regulatory and commercial milestone payments. Under the Chiesi US Agreement, Protalix Ltd. is entitled to payments of up to a maximum of $20.0 million to cover development costs for pegunigalsidase alfa, subject to a maximum of $7.5 million per year, and to receive additional payments of up to a maximum of $760.0 million, in the aggregate, in regulatory and commercial milestone payments.

Under the terms of both of the Chiesi Agreements, Protalix Ltd. will manufacture all of the pegunigalsidase alfa needed under the agreements, subject to certain exceptions, and Chiesi will purchase pegunigalsidase alfa from Protalix, subject to certain terms and conditions. Under the Chiesi Ex-US Agreement, Chiesi is required to make tiered payments of 15% to 35% of its net sales, depending on the amount of annual sales outside of the United States, as consideration for product supply. Under the Chiesi US Agreement, Chiesi is required to make tiered payments of 15% to 40% of its net sales, depending on the amount of annual sales in the United States, as consideration for product supply.

Since its approval by the FDA, taliglucerase alfa has been marketed by Pfizer Inc. ("Pfizer") in accordance with the exclusive license and supply agreement entered into between Protalix Ltd. and Pfizer (the "Pfizer Agreement"). In October 2015, Protalix Ltd. and Pfizer entered into an amended exclusive license and supply agreement (the "Amended Pfizer Agreement") pursuant to which the Company sold to Pfizer its share in the collaboration created under the Pfizer Agreement for the commercialization of Elelyso. As part of the sale, the Company agreed to transfer its rights to Elelyso in Israel to Pfizer while gaining full rights to it in Brazil. Under the Amended Pfizer Agreement, Pfizer is entitled to all of the revenues, and is responsible for 100% of expenses globally for Elelyso, excluding Brazil where the Company is responsible for all expenses and retains all revenues.

On June 18, 2013, the Company entered into a Supply and Technology Transfer Agreement (the "Brazil Agreement") with Fiocruz for taliglucerase alfa. Fiocruz's purchases of BioManguinhos alfataliglicerase to date have been significantly below certain agreed-upon purchase milestones and, accordingly, the Company has the right to terminate the Brazil Agreement. Notwithstanding the termination right, the Company is, at this time, continuing to supply BioManguinhos alfataliglicerase to Fiocruz under the Brazil Agreement, and patients continue to be treated with BioManguinhos alfataliglicerase in Brazil.

b. Basis of presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. In the opinion of management, all adjustments (of a normal recurring nature) considered necessary for a fair statement of the results for the interim periods presented have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the full year.

PROTALIX BIOTHERAPEUTICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements in the Annual Report on Form 10-K for the year ended December 31, 2019, filed by the Company with the U.S. Securities and Exchange Commission (the "Commission"). The comparative balance sheet at December 31, 2019 has been derived from the audited financial statements at that date.

c. Loss per share

Basic and diluted loss per share ("LPS") are computed by dividing net loss by the weighted average number of shares of the Company's Common Stock attributable to common stockholders outstanding for each period.

The calculation of diluted LPS does not include 7,812,543 and 18,445,764 shares of Common Stock underlying outstanding options and restricted shares of Common Stock and shares issuable upon conversion of outstanding convertible notes and outstanding warrants for the six months ended June 30, 2019 and 2020, respectively, and 7,805,142 and 25,997,289 shares of Common Stock for the three months ended June 30, 2019 and 2020, respectively, because their effect would be anti-dilutive.

The computation of basic and diluted net loss per common stock was adjusted retrospectively for all periods presented to reflect the Company's reverse stock split at a ratio of one-for-ten, effective as of December 19, 2019.

d. Revenue recognition

Effective January 1, 2018, the Company adopted Accounting Standards Codification, Topic 606, Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, a contract with a customer exists only when: the parties to the contract have approved it and are committed to perform their respective obligations, the Company can identify each party's rights regarding the distinct goods or services to be transferred ("performance obligations"), the Company can determine the transaction price for the goods or services to be transferred, the contract has commercial substance and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenues are recorded in the amount of consideration to which the Company expects to be entitled in exchange for performance obligations upon transfer of control to the customer.

1. Revenues from selling products

The Company recognizes revenues from selling goods at a point in time when control over the product is transferred to customers (upon delivery).

2. Revenue from Chiesi Agreements

The Company has identified two performance obligations in Chiesi agreements as follows: (1) the license and research and development services and (2) the contingent performance obligation regarding future manufacturing.

The Company determined that the license together with the research and development services should be combined into single performance obligation since Chiesi cannot benefit from the license without the research and development services. The research and development services are highly specialized and are dependent on the supply of the drug.

The future manufacturing is contingent on regulatory approvals of the drug and the Company deems these services to be separately identifiable from other performance obligations in the contract. Manufacturing services post-regulatory approval are not interdependent or interrelated with the license and research and development services.

PROTALIX BIOTHERAPEUTICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The transaction price was comprised of fixed consideration and variable consideration (capped research and development reimbursements). Under ASC 606, the consideration to which the Company would be entitled upon the achievement of contractual milestones, which are contingent upon the occurrence of future events, are a form of variable consideration. The Company estimates variable consideration using the most likely method. Amounts included in the transaction price are recognized only when it is probable that a significant reversal of cumulative revenues will not occur. Prior to recognizing revenue from variable consideration, the Company uses significant judgment to determine the probability of significant reversal of such revenue.

Since the customer benefits from the research and development services as the entity performs the service, revenue from granting the license and the research and development services is recognized over time using the cost-to-cost method. The Company used significant judgment when it determined the costs expected to be incurred upon satisfying the identified performance obligation.

Revenue from additional research and development services ordered by Chiesi, is recognized over time using the cost-to-cost method.

3. Revenue from R&D services

Revenue from the research and development services is recognized over time using the cost-to-cost method since the customer benefits from the research and development services as the entity performs the service.

e. Recently issued accounting pronouncements

In June 2016, the Financial Accounting Standards Board issued an Accounting Standards Update that supersedes the existing impairment model for most financial assets to a current expected credit loss model. The new guidance requires an entity to recognize an impairment allowance equal to its current estimate of all contractual cash flows the entity does not expect to collect. The Company adopted this guidance effective January 1, 2020, with no material impact on its consolidated financial statements.

NOTE 2 - INVENTORIES

Inventories at June 30, 2020 and December 31, 2019 consisted of the following:

(U.S. dollars in thousands)	June 30, 2020	December 31, 2019
Raw materials	$ 3,902	$ 3,607
Work in progress	560	552
Finished goods	6,603	3,996
Total inventory	$ 11,065	$ 8,155

NOTE 3 – FAIR VALUE MEASUREMENT

The Company measures fair value and discloses fair value measurements for financial assets and liabilities. Fair value is based on the price that would be received from the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

PROTALIX BIOTHERAPEUTICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 3 – FAIR VALUE MEASUREMENT (Continued)

The accounting standard establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

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.

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.

The fair value of the financial instruments included in the working capital of the Company is usually identical or close to their carrying value. The fair value of the convertible notes derivative is based on Level 3 measurement.

As of June 30, 2020, the carrying amounts of short-term and long-term deposits approximate their fair values due to the stated interest rates, which approximate market rates.

The fair value of the $57.9 million aggregate principal amount of the Company's outstanding 7.50% convertible promissory notes due November 2021 (the "2021 Notes") as of June 30, 2020 is approximately $62.2 million based on a Level 3 measurement.

The Company prepared a valuation of the fair value of the Company's outstanding 2021 Notes (a Level 3 valuation) as of June 30, 2020. The value of these notes was estimated by implementing the binomial model. The liability component was valued based on the Income Approach. The following parameters were used:

	2021 Notes
Stock price (USD)	3.79
Expected term	1.38
Risk free rate	0.16 %
Volatility	107.87 %
Yield	12.87 %

NOTE 4 – REVENUES

The following table summarizes the Company's disaggregation of revenues:

	Six Months Ended June 30	
(*U.S. dollars in thousands*)	2020	2019
Pfizer	$ 2,679	$ 2,735
Brazil	$ 6,000	$ 4,225
Total revenues from selling goods	$ 8,679	$ 6,960
Revenues from license and R&D services	$ 23,934	$ 15,726

PROTALIX BIOTHERAPEUTICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 4 – REVENUES (Continued)

During the six months ended June 30, 2020, the Company recorded revenue in the amount of $6.7 million following a change in estimate of the total costs expected to be incurred in the connection with the Chiesi Agreements.

On March 16, 2020, the Company agreed to conduct a feasibility study with Kirin Holdings Company, Limited ("Kirin") to evaluate the production of a novel complex protein utilizing ProCellEx®, the Company's proprietary plant cell-based protein expression system. Kirin will bear the costs of conducting cell line engineering and protein expression studies on the target protein. In addition, the contract provides Kirin with an option to a future service for which the Company received a non-refundable payment in the amount of $1.0 million. The Company will recognize such amount as revenues when the aforementioned future services are performed or when the option expires.

NOTE 5 – STOCK TRANSACTIONS

On June 17, 2020, the Company granted, with the approval of the Company's compensation committee, 10-year options to purchase 196,995 shares of Common Stock to the Company's Sr. Vice President and Chief Development Officer under the Company's Amended and Restated 2006 Employee Stock Incentive Plan, as amended (the "Plan"). The options have an exercise price equal to $3.59 per share and vest over a four-year period in 16 equal quarterly increments. Vesting of the options granted to the Sr. Vice President and Chief Development Officer are subject to automatic acceleration in full upon a Corporate Transaction or a Change in Control, as those terms are defined in the Plan, and are subject to certain other terms and conditions. The Company's President and Chief Executive Officer may, in his discretion, grant options to the Company's Sr. Vice President and Chief Development Officer to purchase additional shares if the Company effects certain transactions in which it issues additional shares of Common Stock. The Company estimated the fair value of the options on the date of grant using the Black-Scholes option-pricing model to be approximately $0.5 million based on the following weighted average assumptions: share price equal to $3.59; dividend yield of 0% for all years; expected volatility of 80.43%; risk-free interest rate of 0.59%; and expected life of six years.

On June 17, 2020, the Company granted, with the approval of the Company's compensation committee, 10-year options to purchase 760,311 shares of Common Stock, in the aggregate, to certain of the Company's employees under the Plan. The options granted have an exercise price equal to $3.66 per share and vest over a four-year period in 16 equal quarterly increments. The Company estimated the fair value of the options on the date of grant using the Black-Scholes option-pricing model to be approximately $1.9 million based on the following weighted average assumptions: share price equal to $3.66; dividend yield of 0% for all years; expected volatility of 80.49%; risk-free interest rate of 0.45%; and expected life of six years.

NOTE 6 – SUBSEQUENT EVENTS

On July 5, 2020, the Company granted, with the approval of the Company's compensation committee, 10-year options to purchase 129,771 shares of Common Stock to the Company's new Vice President, Research and Development under the Plan. The options have an exercise price equal to $3.73 per share and vest over a four-year period in 16 equal quarterly increments. Vesting of the options granted to the Vice President, Research and Development is subject to automatic acceleration in full upon a Corporate Transaction or a Change in Control, as those terms are defined in the Plan, and are subject to certain other terms and conditions. The Company estimated the fair value of the options on the date of grant using the Black-Scholes option-pricing model to be approximately $329,000 based on the following weighted average assumptions: share price equal to $3.73; dividend yield of 0% for all years; expected volatility of 80.60%; risk-free interest rate of 0.395%; and expected life of six years.

In accordance with ASC 855 "Subsequent Events" the Company evaluated subsequent events through the date the condensed consolidated financial statements were issued. The Company concluded that no other subsequent events have occurred that would require recognition or disclosure in the condensed consolidated financial statements.

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 together with our financial statements and the consolidated financial statements and the related notes included elsewhere in this Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2019. Some of the information contained in this discussion and analysis, particularly with respect to our plans and strategy for our business and related financing, includes forward-looking statements within the meanings of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, including statements regarding expectations, beliefs, intentions or strategies for the future. When used in this report, the terms "anticipate," "believe," "estimate," "expect," "can," "continue," "could," "intend," "may," "plan," "potential," "predict," "project," "should," "will," "would" and words or phrases of similar import, as they relate to our company or our management, are intended to identify forward-looking statements. We intend that all forward-looking statements be subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are only predictions and reflect our views as of the date they are made with respect to future events and financial performance, and we undertake no obligation to update or revise, nor do we have a policy of updating or revising, any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as may be required under applicable law. Forward-looking statements are subject to many risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements as a result of several factors including those set forth under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

Examples of the risks and uncertainties include, but are not limited to, the following:

- the risk that the FDA will not accept our application for Accelerated Approval of PRX-102 with the data generated to date or will request additional data or other conditions of the submission, or that the FDA, the European Medicines Agency, or the EMA, or other foreign regulatory authorities may not accept or approve a marketing application we file for any of our other product candidates;

- risks associated with the novel coronavirus disease, or COVID-19, outbreak, which may adversely impact our business, preclinical studies and clinical trials;

- failure or delay in the commencement or completion of our preclinical studies and clinical trials, which may be caused by several factors, including: slower than expected rates of patient recruitment; unforeseen safety issues; determination of dosing issues; lack of effectiveness during clinical trials; inability or unwillingness of medical investigators and institutional review boards to follow our clinical protocols; inability to monitor patients adequately during or after treatment; and or lack of sufficient funding to finance our clinical trials;

- the risk that the results of our clinical trials will not support the applicable claims of safety or efficacy and that our product candidates will not have the desired effects or will have undesirable side effects or other unexpected characteristics;

- risks relating to our evaluation and pursuit of strategic alternatives;

- risks related to our ability to regain compliance with the continued listing standards of the NYSE American LLC, or the NYSE American, or to otherwise maintain compliance with its continued listing standards;

- risks relating to our ability to manage our relationship with our collaborators, distributors or partners;

- risks relating to our ability to make required payments under our outstanding convertible notes or any other indebtedness;

- risks relating to the compliance by Fiocruz, an arm of the Brazilian MoH, with its purchase obligations under our supply and technology transfer agreement, which may have a material adverse effect on us and may also result in the termination of such agreement;

- risks relating to our ability to execute a license agreement with SarcoMed USA Inc., or SarcoMed, with terms and conditions acceptable to us, if at all;
- our dependence on performance by third-party providers of services and supplies;
- the impact of development of competing therapies and/or technologies by other companies;
- risks related to our supply of drug product to Pfizer;
- risks related to our expectations with respect to the potential commercial value of our product and product candidates;
- potential product liability risks, and risks of securing adequate levels of related insurance coverage;
- the possibility of infringing a third-party's patents or other intellectual property rights and the uncertainty of obtaining patents covering our products and processes and successfully enforcing our intellectual property rights against third-parties;
- risks relating to changes in healthcare laws, rules and regulations in the United States or elsewhere; and
- the possible disruption of our operations due to terrorist activities and armed conflict, including as a result of the disruption of the operations of regulatory authorities, our subsidiaries, our manufacturing facilities and our customers, suppliers, distributors, collaborative partners, licensees and clinical trial sites.

Recent Company Developments

- On June 8, 2020, we announced the appointment of Yael Hayon, Ph.D. to serve as our new Vice President, Research and Development, effective July 5, 2020. Yoseph Shaaltiel, Ph.D. retired from his position as our Executive Vice President, Research and Development, effective June 15, 2020.
- On June 8, 2020, we announced the promotion of Einat Brill Almon, Ph.D. to Sr. Vice President and Chief Development Officer. Dr. Almon first joined Protalix Ltd. in December 2004, originally as a Senior Director and later as Vice President, and became our Senior Vice President, Product Development in 2006.
- On July 23, 2020, we announced that we had entered into a non-binding term sheet with SarcoMed. The arrangement, if consummated, would relate to the development and commercialization of PRX-110 for the treatment of Pulmonary Sarcoidosis and related diseases.
- On July 28, 2020, the FDA informed Chiesi that the BLA for PRX-102 for the treatment of adult patients with Fabry disease that had been submitted on May 27, 2020 had been filed for review and that the FDA was working on the 74-day letter. In addition, the FDA informed Chiesi that no "Refuse To File" will be issued for the PRX-102 BLA.

As we disclosed last quarter, we continue to actively advance all our clinical programs. We are in close contact with our principal investigators and clinical sites and our clinical research organizations, which are primarily located in the United States and Europe, and to date, our clinical trials have not been materially adversely affected by COVID-19. In light of recent developments relating to the COVID-19 pandemic, the focus of healthcare providers and hospitals on fighting the virus, and consistent with the FDA's updated industry guidance for conducting clinical trials issued on March 18, 2020, we and our contract research organizations have made certain adjustments to the operation of our clinical trials in an effort to ensure the monitoring and safety of patients and minimize risk to trial integrity during the pandemic and generally, and we may need to make further adjustments in the future.

In response to the spread of COVID-19, and with local directives issued in response thereof, we restructured the work day within our facilities to consist of two shifts thereby reducing the number of employees present in the facilities at any time and facilitating their ability to practice social distancing. Employees that were able to work from home were instructed to do so. Such efforts resulted in minor delays in the performance of administrative activities outside of the clinical programs.

In June 2020, after local directives allowed more flexibility with respect to social interactions, we returned to a regular work day. However, as the pandemic's effect locally has continued to change, and local Israeli directives have evolved to address the changing effects, we have decided to restore the two-shift work day schedule and to again encourage employees that are able to work from home to do so.

We will continue to evaluate the impact of the COVID-19 pandemic on our business and our clinical trials as we learn more and the impact of COVID-19 on our industry becomes more clear. We intend to continuously assess the impact of COVID-19 on our trials, expected timelines and costs.

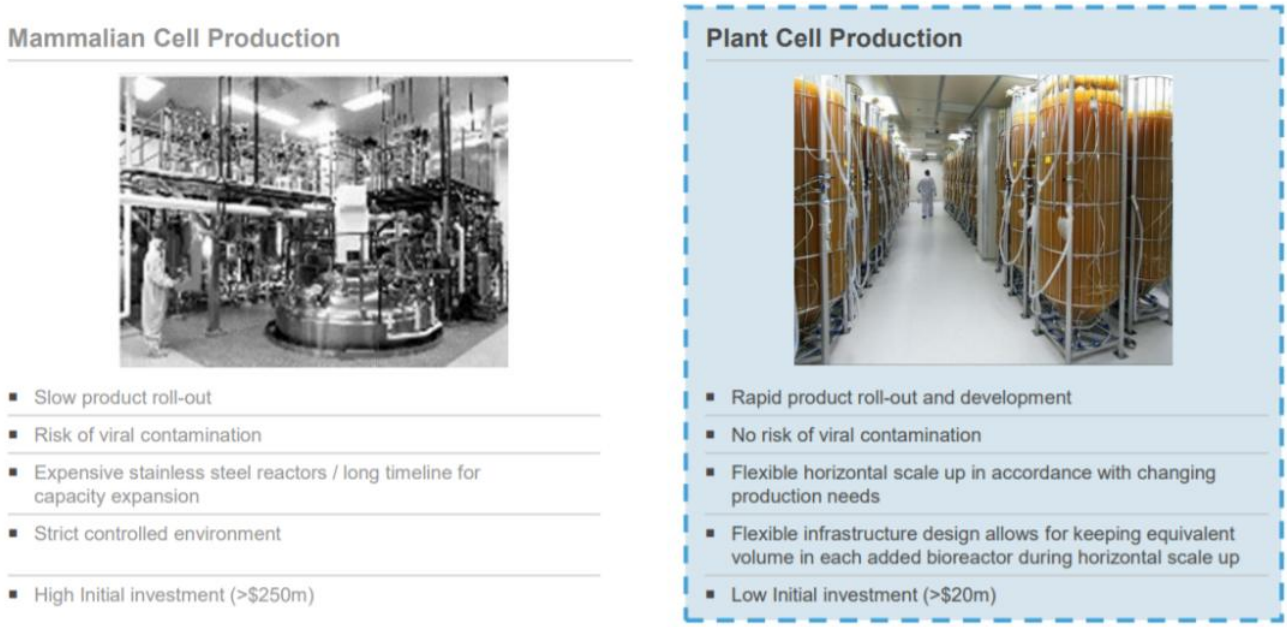
ProCellEx: Our Proprietary Protein Expression System

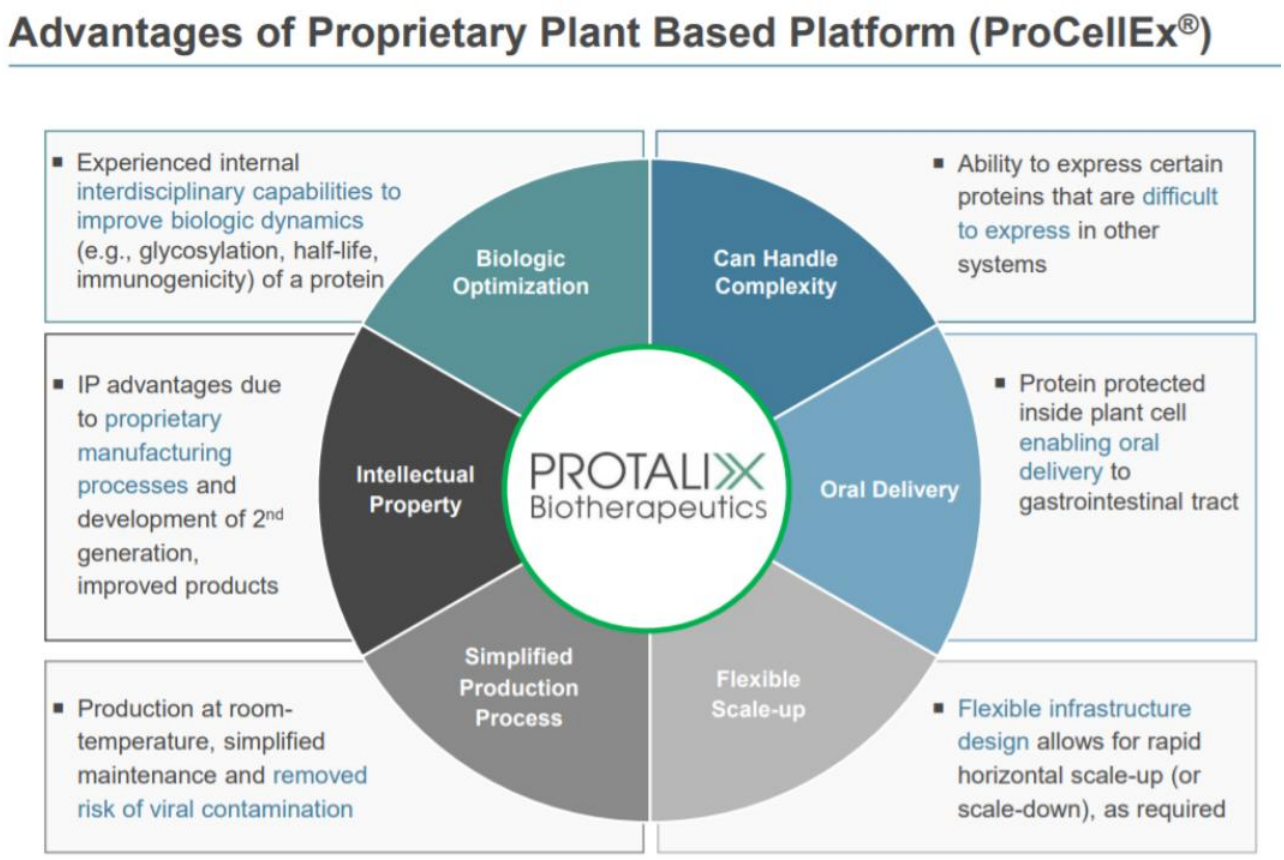
- ProCellEx is our proprietary platform used to produce and manufacture recombinant proteins through plant cell cultures in suspension. ProCellEx consists of a comprehensive set of proprietary technologies and capabilities, including the use of advanced genetic engineering and plant cell culture technology, enabling us to produce complex, proprietary, and biologically equivalent proteins for a variety of human diseases. Our protein expression system facilitates the creation and selection of high-expressing, genetically-stable cell lines capable of expressing recombinant proteins.

- Our ProCellEx technology allows for many unique advantages, including: biologic optimization; an ability to handle complex protein expressions; the potential for oral delivery of proteins; flexible manufacturing with improvements through efficiencies, enhancements and/or rapid horizontal scale-ups; a simplified production process; elimination of the risk of viral contaminations from mammalian components; and intellectual property advantages.

- We are the first and only company to gain FDA approval of a protein produced through plant cell-based expression. Our ProCellEx platform uses flexible polyethylene disposable bioreactors and is optimized for plant cell cultures. As opposed to the large stainless-steel bioreactors commonly used for recombinant protein production, our ProCellEx bioreactors are easy to use and maintain and allow for the major advantage of rapid horizontal scale-up.

Plant Cell Production Advantages Versus Mammalian Cell Production





Pegunigalsidase Alfa (PRX-102) for the Treatment of Fabry Disease

PRX-102 is our proprietary, investigational, plant cell culture expressed enzyme, and a chemically modified stabilized version of, the recombinant α-Galactosidase-A protein under development for the treatment of Fabry disease. Fabry disease is a serious life-threatening rare genetic disorder. Fabry patients lack the lysosomal enzyme, α-galactosidase-A leading to the progressive accumulation of abnormal deposits of a fatty substance called globotriaosylceramide (Gb_3) in blood vessel walls throughout their body. The abnormal storage of Gb_3 increases with time and, as a result, Gb_3 accumulates, primarily in the blood and in the blood vessel walls. The accumulation leads to a narrowing of the blood vessels, which in turn leads to decreased blood flow and tissue nourishment. The ultimate consequences of Gb_3 deposition range from episodes of pain and impaired peripheral sensation to end-organ failure, particularly of the kidneys, but also of the heart and the cerebrovascular system. Fabry disease occurs in one person per 40,000 to 60,000 males. The global market for Fabry disease was approximately $1.7 billion in 2019 (Global Data) and continues to grow at a CAGR of approximately 10% (Data Bridge Market Research).

On May 28, 2020, we, together with Chiesi, announced the submission on May 27, 2020 of a BLA to the FDA for PRX-102 for the treatment of adult patients with Fabry disease under the FDA's Accelerated Approval pathway. The BLA submission includes a comprehensive set of preclinical, clinical and manufacturing data compiled from our completed phase I/II clinical trial of PRX-102, including the related extension study succeeding the phase I/II clinical trial, interim clinical data from our *BRIDGE* Study and safety data from our on-going clinical studies of PRX-102, including extension studies. On July 28, 2020, the FDA informed Chiesi that the BLA had been filed for review and that it was working on the 74-day letter. In addition, the FDA informed Chiesi that no "Refuse to File" will be issued for the BLA. Upon the BLA approval, if approved, we will be eligible to receive a milestone payment from Chiesi.

In December 2017, the European Commission granted Orphan Drug Designation for PRX-102 for the treatment of Fabry disease. Orphan Drug Designation for PRX-102 qualifies Chiesi for access to a centralized marketing authorization procedure, including applications for inspections and for protocol assistance. If the orphan drug designation is maintained at the time PRX-102 is approved for marketing in the European Union, if at all, we expect that PRX-102 will benefit from 10 years of market exclusivity within the European Union. The market exclusivity will not have any effect on Fabry disease treatments already approved at that time.

In January 2018, the FDA granted Fast Track designation to PRX-102. Fast Track designation is a process designed to facilitate the development and expedite the review of drugs and vaccines for serious conditions that fill an unmet medical need.

Key Trials and Design

Our phase III clinical program of PRX-102 for the treatment of Fabry disease includes three individual studies; the *BALANCE*, *BRIDGE* and *BRIGHT* Studies. In 2015, we completed a phase I/II clinical trial of PRX-102. Patients that completed the phase I/II clinical trial were offered the opportunity to continue PRX-102 treatment as part of a long-term extension study. In the phase III clinical program, we are studying two alternative dosing regimens for PRX-102; 1 mg/kg every two weeks, with the potential for improved efficacy and safety offering a potential alternative to existing enzyme replacement therapies, and 2 mg/kg every four weeks, which has the potential to lower treatment burden versus existing treatments and potentially provide a better quality of life for a subset of Fabry patients. Enrolment has been completed in each of the *BALANCE* and *BRIGHT* Studies. Topline results from the *BRIDGE* study were released in May 2020. The last patient/last visit in the *BRIGHT* study was in July 2020.

Phase III BALANCE Study

The phase III *BALANCE* clinical trial of PRX-102 for the treatment of Fabry disease, or the *BALANCE* Study, is a 24-month, randomized, double blind, active control study of PRX-102 in Fabry patients with impaired renal function. We have completed enrollment of 78 patients in the trial, which is designed to evaluate the safety and efficacy of PRX-102 compared to agalsidase beta (Fabrazyme®) on renal function in Fabry patients with progressing kidney disease previously treated with Fabrazyme infused once every two weeks. Patients previously treated with Fabrazyme for approximately one year and on a stable dose for at least six months were screened and then randomized on a 2:1 ratio to 1 mg/kg of PRX-102 or 1 mg/kg of Fabrazyme. Randomization is being stratified by urinary protein to creatinine ratio (UPCR) of $<$ or $\geq$ 1 g/g by spot urine sample. The study was designed such that no more than 50% of the patients enrolled in the study would be female.

The primary endpoint for the *BALANCE* Study is the comparison in the annualized rate of decline of eGFR slope between Fabrazyme and PRX-102. eGFR is considered a clinically valuable, reliable and accepted test to measure the level of kidney function and stage of kidney disease. Additional parameters being evaluated include: cardiac assessment, lyso-Gb_3 (a biomarker for monitoring Fabry patients status), pain, quality of life, immunogenicity, Fabry clinical events, pharmacokinetics and other parameters. The study also evaluates the safety and tolerability of PRX-102.

We intend to conduct an interim analysis when the last enrolled patient reaches 12 months of treatment to test for non-inferiority to support anticipated regulatory filings with the EMA. Notwithstanding the interim analysis, patients enrolled in the *BALANCE* Study will continue to be treated for a total of 24 months, at which point the data will be analyzed to test for superiority in a final analysis of the study data. This final analysis will be used to support converting the accelerated approval into a traditional approval, if the May 2020 PRX-102 BLA submission results in an approval from the FDA under the Accelerated Approval pathway.

Phase III BRIDGE Study

The *BRIDGE* Study is an open label, switch-over study designed to evaluate the safety and efficacy of 1 mg/kg of PRX-102 infused every two weeks, in up to 22 Fabry patients. The trial, which has been completed, enrolled patients previously treated with agalsidase alfa (Replagal®) for at least two years and on a stable dose for at least six months. Patients were screened and evaluated over three months while continuing Replagal treatment. Following the screening period, each patient was enrolled and switched from Replagal treatment to receive intravenous (IV) infusions of PRX-102 1 mg/kg every two weeks for 12 months. Topline results from the study were released in May 2020.

Topline results of the data generated in the *BRIDGE* Study showed significant improvement in renal function as measured by mean annualized estimated Glomerular Filtration Rate (eGFR slope) and an amelioration of the course of disease in both male and female patients who were switched from Replagal to PRX-102. Consistent with previously announced interim data, PRX-102 was found to be well tolerated, with all adverse events being transient in nature without sequelae. Twenty-two patients were enrolled in the study; two of those patients withdrew early from the study due to hypersensitivity reaction, and 20 of the patients successfully completed the 12-month treatment duration. Eighteen of the patients who completed the study opted to roll over to a long-term extension study and continue to be treated with PRX-102.

In the study, the mean annualized eGFR slope of the study participants improved from -5.90 mL/min/1.73m^2/year while on Replagal to -1.16 mL/min/1.73m^2/year on PRX-102 in all patients. Male patients improved from -6.36 mL/min/1.73m^2/year to -1.67 mL/min/1.73m^2/year and female patients improved from 5.03 mL/min/1.73m^2/year to 0.21 mL/min/1.73m^2/year.

Baseline characteristics of the patients, ranging from ages 24 to 60 years, were as follows: mean eGFR 75.87 in males and 86.14 mL/min/1.73m^2 in females; mean residual leucocytes enzymatic activity was 4.8% of lab normal mean in males and 27.9% in females; and plasma lyso-Gb_3 mean levels were 49.7 nM and 13.8 nM in males and females, respectively. While lyso-Gb_3 levels remain slightly high, particularly within the male cohort, continuous reduction in lyso-Gb_3 levels was observed.

Data from the interim analysis of the *BRIDGE* Study was included in the PRX-102 BLA submission to the FDA under the Accelerated Approval pathway, and we anticipate that the final analysis will be used to support a Marketing Authorization Application (MAA) with the EMA.

Phase III BRIGHT Study

The phase III *BRIGHT* clinical trial of PRX-102 for the treatment of Fabry disease, or the *BRIGHT* Study, which was completed in July 2020, is a 12-month, open-label switch-over study designed to assess the safety, efficacy and pharmacokinetics (PK) of PRX-102 via intravenous (IV) infusions of 2 mg/kg administered every 4 weeks in up to 30 patients with Fabry disease, previously treated with an ERT (Fabrazyme or Replagal). The rationale for this open-label switch-over study is based on the enhanced pharmacokinetic (PK) profile of PRX-102. Phase 1/2 study measurements and PK projection modelling data suggest that PRX-102 2.0 mg/kg every 4 weeks may be beneficial in patients with mild to moderate Fabry disease. This treatment dose and regimen is aimed to serve as a maintenance program for Fabry patients without severe clinical symptoms and with relatively slow disease progression, with the potential to delay the risk of developing disease complications. To determine eligibility for participation in the study, candidates were screened to identify and select Fabry patients without severe clinical symptoms and with relatively slow disease progression whom, according to the evaluation of the treating physician, were candidates for the new regimen. Patients who matched the criteria were enrolled in the study and switched from their current treatment of intravenous (IV) infusions every 2 weeks to 2 mg/kg of PRX-102 every 4 weeks for 12 months. Enrollment in the *BRIGHT* study was completed in June 2019.

Patients participating in the study are evaluated for various disease-related clinical symptoms and biomarkers, including their kidney disease rate of deterioration, while being treated with the 4-week dosing regimen as measured by eGFR. In addition, participating patients are evaluated to assess the safety and tolerability of PRX-102. This study analysis is descriptive in nature. In February 2019, we announced preliminary PK data from the *BRIGHT* study. The results demonstrate that PRX-102 was present and remained active in the plasma over the 4-week infusion intervals. The mean concentration of PRX-102 at day 28 was 138 ng/mL. In comparison, published data on Fabrazyme (1 mg/kg every 2 weeks) shows a mean concentration of 20 ng/mL at 10 hours post infusion. In addition, the area under the curve (AUC) for PRX-102 was measured to be approximately 2,000,000 ng hr/mL over 28 days. Based on published data, the AUC of Fabrazyme is approximately 10,000 ng hr/mL. A preliminary safety analysis of 19 patients enrolled in the *BRIGHT* study was also conducted, and indicated that PRX-102 is well tolerated. To date, substantially all of the patients who completed the study opted, with the advice of the treating physician, to continue treatment under the 4-week dosing regimen in a long-term extension study.

COVID-19 Impact on PRX-102 Clinical Trials

To date, the COVID-19 pandemic has had a minimal effect on the performance of the phase III clinical trials of PRX-102 as many of the patients were already treated in home care settings. In a minimal amount of cases, patients that completed a trial were not able to be transferred into an extension study due to the pandemic restrictions, and, accordingly, the main trial was prolonged for the patients to permit the continuation of treatment.

Phase I/II Study

Our clinical development activities for PRX-102 were initiated with a phase I/II clinical trial; a worldwide, multi-center, first-in-human, open-label, dose-ranging study to evaluate the safety, tolerability, PK, pharmacodynamics (PD) and efficacy parameters of PRX-102 administered by IV infusion every other week for 12 weeks to adult naïve symptomatic Fabry disease patients. Baseline values for renal Gb_3 inclusions assessed by Barisoni lipid inclusion scoring system (BLISS), plasma Gb_3 and lyso-Gb_3 and supportive clinical data were collected at the start of treatment. The phase I/II clinical trial was completed in 2015.

Sixteen adult, naïve Fabry patients (9 male and 7 female) completed the trial, each in one of three dosing groups, 0.2 mg/kg, 1 mg/kg and 2 mg/kg. Each patient received intravenous (IV) infusions of PRX-102 every two weeks for 12 weeks, with efficacy follow-up after six-month and twelve-month periods. The majority of the patients who completed the trial opted to continue receiving PRX-102 in an open-label, up to 60-month extension study under which all patients receive 1 mg/kg of the drug, the selected dose for our *BALANCE* Study and *BRIDGE* Study.

The adult symptomatic, ERT-naïve Fabry disease patients enrolled in the phase I/II study were evaluated for Gb_3 levels in kidney biopsies and for plasma lyso-Gb_3 concentration by the quantitative BLISS methodology. Biopsies were available from 14 patients. The outcome of ≥ 50% reduction in the average number of Gb_3 inclusions per kidney PTC from baseline to month 6 was demonstrated in 11 of 14 (78.6%) of the patients treated with PRX-102. The overall results demonstrate that PRX-102 reaches the affected tissue and reduces kidney Gb_3 inclusions burden and lyso-Gb_3 in the circulation. A high correlation was found between the two Fabry disease biomarkers, reduction of kidney Gb_3 inclusions and the reduction of plasma lyso-Gb_3 over six months of treatment.

Data was recorded at 24 months from 11 patients who completed 12 months of the long-term open-label extension trial that succeeded the phase I/II study. Patients who did not continue in the extension trial included: female patients who became or planned to become pregnant and therefore were unable to continue in accordance with the study protocol; and patients who could not continue to participate in a clinical study due to personal reasons.

Results have shown that lyso-Gb_3 levels decreased approximately 90% from baseline. Renal function remained stable with mean eGRF levels of 108.02 and 107.20 at baseline and 24 months, respectively, with a modest annual eGFR slope of -2.1. An improvement across all the gastrointestinal symptoms evaluated, including severity and frequency of abdominal pain and frequency of diarrhea, was noted. Cardiac parameters, including LVM, LVMI and EF, remained stable with no cardiac fibrosis development detected. In conclusion, an improvement of over 40% in disease severity was shown as measured by the Mainz Severity Score Index (MSSI), a score compiling the different elements of the disease severity including neurological, renal and cardiovascular parameters. In addition, an improvement was noted in each of the individual parameters of the MSSI.

The majority of adverse events were mild-to-moderate in severity, and transient in nature. During the first 12 months of treatment, only three of 16 patients (less than 19%) formed anti-drug antibodies (ADA), of which two of these patients (less than 13%) had neutralizing antibodies. Importantly, however, the ADAs turned negative for all three of these patients following 12 months of treatment. The ADA positivity effect had no observed impact on the safety, efficacy or continuous biomarker reduction of PRX-102.

Commercialization Agreements with Chiesi Farmaceutici

We have entered into two exclusive global licensing and supply agreements for PRX-102 for the treatment of Fabry disease with Chiesi. The agreements have significant revenue potential for Protalix. Under the agreements, Protalix Ltd. has received $50.0 million in upfront payments and was entitled to development cost reimbursements of up to $45.0 million, up to more than $1.0 billion in potential milestone payments and tiered royalties of 15% - 35% (ex-US) and 15% - 40% (US).

On October 19, 2017, Protalix Ltd. and Chiesi entered into the Chiesi Ex-US Agreement pursuant to which Chiesi was granted an exclusive license for all markets outside of the United States to commercialize PRX-102. Under the Chiesi Ex-US Agreement, Chiesi made an upfront payment to Protalix Ltd. of $25.0 million in connection with the execution of the agreement, and Protalix Ltd. was entitled to additional payments of up to $25.0 million in development costs in the aggregate, capped at $10.0 million per year. Protalix Ltd. is also eligible to receive additional payments of up to a maximum of $320.0 million in regulatory and commercial milestone payments. Protalix Ltd. agreed to manufacture all of the PRX-102 needed for all purposes under the agreement, subject to certain exceptions, and Chiesi will purchase PRX-102 from Protalix Ltd., subject to certain terms and conditions. Chiesi is required to make tiered payments of 15% to 35% of its net sales, depending on the amount of annual sales, as consideration for the supply of PRX-102.

On July 23, 2018, Protalix Ltd. entered into the Chiesi US Agreement with respect to the development and commercialization of PRX-102 in the United States. Protalix Ltd. received an upfront, non-refundable, non-creditable payment of $25.0 million from Chiesi and was entitled to additional payments of up to a maximum of $20.0 million to cover development costs for PRX-102, subject to a maximum of $7.5 million per year. Protalix Ltd. is also eligible to receive additional payments of up to a maximum of $760.0 million, in the aggregate, in regulatory and commercial milestone payments. Chiesi will also make tiered payments of 15% to 40% of its net sales under the Chiesi US Agreement to Protalix Ltd., depending on the amount of annual sales, subject to certain terms and conditions, as consideration for product supply.

Elelyso® for the Treatment of Gaucher Disease

Elelyso (taliglucerase alfa), our first commercial product, was approved by the FDA in 2012 for injection as an enzyme replacement therapy (ERT) for the long-term treatment of adult patients with a confirmed diagnosis of type 1 Gaucher disease. In August 2014, the FDA approved Elelyso for injection for pediatric patients. Elelyso is the first plant cell derived recombinant protein to be approved by the FDA for the treatment of Gaucher disease and is now approved in over 20 markets.

Gaucher disease is a $1.5 billion global annual therapeutic market that includes Sanofi's Cerezyme®, Shire's (acquired by Takeda Pharmaceutical Company Limited) Vpriv® and Sanofi's Cerdelga®.

Commercialization Agreements for Elelyso

We have licensed to Pfizer the global rights to Elelyso in all markets excluding Brazil. Pfizer retains 100% of revenue and reimburses 100% of direct costs. We manufacture drug substance for Pfizer, subject to certain terms and conditions.

For the first 10-year period after the execution of our Amended Pfizer Agreement, we have agreed to sell drug substance to Pfizer for the production of Elelyso, and Pfizer maintains the right to extend the supply period for up to two additional 30-month periods subject to certain terms and conditions.

We maintain distribution rights to Elelyso in Brazil (marketed as alfataliglicerase) through a supply and technology transfer agreement with Fiocruz, an arm of the Brazilian MoH. In 2019, we generated $9.1 million from sales of BioManguinhos alfataliglicerase to the Brazilian MoH.

Tulinercept (OPRX-106)

Tulinercept is a plant cell-expressed recombinant human tumor necrosis factor receptor II fused to an IgG1 Fc domain (TNFRII-Fc), for inhibiting TNF alpha. It is in development for oral administration. When administered orally and while passing through the digestive tract, the plant cells function as a natural delivery vehicle, having the unique attribute of a cellulose cell wall, which makes them resistant to degradation compared to proteins produced via mammalian cell expression.

Through oral administration, tulinercept is designed to work locally in the gut, thereby avoiding the systemic exposure that occurs when TNF alpha inhibitors are administered by injection or intravenous infusion. Oral administration may potentially lead to a safer to use anti-TNF and may potentially reduce the safety concerns associated with currently approved therapies.

OPRX-106 may also be less immunogenic which can potentially result in longer-term efficacy.

We believe that our oral delivery mechanism can potentially prove to be a safer and more convenient method of protein administration and could be applied to additional proteins in certain indications.

Alidornase Alfa (PRX-110)

Alidornase alfa is our proprietary chemically-modified plant cell-expressed recombinant form of human deoxyribonuclease I (DNase I), administered through inhalation. In cystic fibrosis (CF) patients, the accumulation of thick sputum in the lungs exposes them to recurrent infections and compromises lung function. DNase I therapy, or dornase alfa, is generally recommended for CF patients as a mucus thinning agent (mucolytic) to help with clearance from the airways to improve lung function and reduce exacerbations.

However, DNase I activity is compromised by actin, a globular multi-functional protein, found in high concentration in the sputum of CF patients, that is a potent inhibitor of DNase I. As such, we believe that actin may decrease the enzyme's DNA degradation activity and potentially interfere with the effectiveness of inhaled DNase I in the lungs of CF patients.

In order to reduce the actin-DNase I interaction and the subsequent inhibition of DNase I activity by actin, we developed alidornase alfa by chemically modifying the enzyme forming an actin inhibition resistant DNase I. This novel treatment candidate may result in improved lung function and decreased incidence of recurrent infections in patients. Thus, we believe there is the potential that our form of the enzyme will demonstrate significantly enhanced efficacy.

On July 23, 2020, we announced that we had entered into a non-binding term sheet with SarcoMed. The arrangement, if consummated, would relate to the development and commercialization of alidornase alfa for the treatment of Pulmonary Sarcoidosis and related diseases. On July 21, 2020, the FDA granted Orphan Drug Designation for alidornase alfa for the treatment of Sarcoidosis.

PRX-115

PRX-115 is our plant cell-expressed recombinant PEGylated Uricase (Urate Oxidase) – a chemically modified enzyme to treat Gout. The Uricase enzyme converts uric acid to allantoin, which is easily eliminated through urine. We use our proprietary plant-based system to express an optimized recombinant enzyme under development for the potential treatment of Gout which is designed to have an improved half-life, reduced immunogenicity and better efficacy.

Intellectual Property

A key element of our overall strategy is to establish a broad portfolio of patents to protect our proprietary technology, proprietary product and product candidates and their methods of use. As of June 30, 2020, we hold a broad portfolio of over 85 patents in Europe, the United States, Israel and additional countries worldwide, as well as over 40 pending patent applications.

Research & Development

We continuously work on the further development of our ProCellEx plant cell expression technology and bioreactor system. In addition, we are working on the development of new products, each in different initial stages of development, for specific products for which there are unmet needs in terms of efficacy and safety. Our development strategy focuses on the utilization of different modification approaches and development improvements, customized for each protein product, in all stages of expression and development. As disclosed above, we have entered into a non-binding term sheet with SarcoMed. The arrangement, if consummated, would relate to the development and commercialization of alidornase alfa for the treatment of Pulmonary Sarcoidosis and related diseases.

Critical Accounting Policies

Our significant accounting policies are more fully described in Note 1 to our consolidated financial statements appearing in this Quarterly Report. There have been no material changes to our critical accounting policies since we filed our Annual Report on Form 10-K for the year ended December 31, 2019.

The discussion and analysis of our financial condition and results of operations is based on our financial statements, which we prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, we evaluate such estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The full extent to which the COVID-19 pandemic will directly or indirectly impact our financial condition, liquidity, or results of operations will depend on future developments that are highly uncertain, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain or treat COVID-19, as well as the economic impact on local, regional, national and international customers and markets.

Results of Operations

Three months ended June 30, 2020 compared to the three months ended June 30, 2019

Revenues from Selling Goods

We recorded revenues from selling goods of $3.6 million during the three months ended June 30, 2020, an increase of $0.2 million, or 6%, compared to revenues of $3.4 million for the three months ended June 30, 2019.

Revenues from License and R&D Services

We recorded revenues from license and R&D services of $7.3 million for the three months ended June 30, 2020, a decrease of $1.5 million, or 17%, compared to revenues of $8.8 million for the three months ended June 30, 2019. Revenues from license and R&D services are comprised primarily of revenues we recognized in connection with the Chiesi Agreements. The decrease is primarily due to the completion of two out of the three phase III clinical trials of PRX-102 as well as lower costs related to the *BALANCE* Study.

Cost of Goods Sold

Cost of goods sold was $1.8 million for the three months ended June 30, 2020, a decrease of $0.9 million, or 32%, from cost of goods sold of $2.7 million for the three months ended June 30, 2019. The decrease is primarily due to a change in the cost structure as well as lower royalties paid to the Israeli Innovation Authority.

Research and Development Expenses, Net

Research and development expenses were $9.2 million for the three months ended June 30, 2020, a decrease of $4.1 million, or 31%, compared to $13.3 million of research and development expenses for the three months ended June 30, 2019. The decrease is primarily due to the completion of two out of the three phase III clinical trials of PRX-102 and reduced costs related to the *BALANCE* Study as well as a decrease in costs related to manufacturing of our drug in development as some of the manufactured drug product and related costs have been recorded as inventory.

We expect research and development expenses to continue to be our primary expense as we enter into a more advanced stage of preclinical and clinical trials for certain of our product candidates.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $2.2 million for the three months ended June 30, 2020, an increase of $0.1 million, or 6%, compared to $2.1 million for the three months ended June 30, 2019.

Financial Expenses, Net

Financial expenses net were $1.9 million for the three months ended June 30, 2020 and for the three months ended June 30, 2019.

Six months ended June 30, 2020 compared to the six months ended June 30, 2019

Revenues from Selling Goods

We recorded revenues from selling goods of $8.7 million during the six months ended June 30, 2020, an increase of $1.7 million, or 25%, compared to revenues of $7.0 million for the six months ended June 30, 2019. The increase resulted primarily from an increase of $1.8 million in sales of drug product to Brazil, which was partially offset by a decrease of $0.1 million in sales of drug substance to Pfizer.

Revenues from License and R&D Services

We recorded revenues from license and R&D services of $23.9 million for the six months ended June 30, 2020, an increase of $8.2 million, or 52%, compared to revenues of $15.7 million for the six months ended June 30, 2019. Revenues from license and R&D services are comprised primarily of revenues we recognized in connection with the Chiesi Agreements. The increase is primarily due to revenues recognized in connection with an updated costs estimation throughout the trials until completion in the amount of $6.7 million.

Cost of Goods Sold

Cost of goods sold was $5.3 million for the six months ended June 30, 2020, an increase of $0.6 million, or 11%, from cost of goods sold of $4.7 million for the six months ended June 30, 2019. The increase is primarily due to an increase in sales of goods.

Research and Development Expenses, Net

Research and development expenses were $19.5 million for the six months ended June 30, 2020, a decrease of $5.5 million, or 22%, compared to $25 million of research and development expenses for the six months ended June 30, 2019. The decrease is primarily due to the completion of two out of the three phase III clinical trials of PRX-102 and reduced costs related to the *BALANCE* Study as well as a decrease in costs related to manufacturing of our drug in development as some of the manufactured drug product and related costs have been recorded as inventory.

We expect research and development expenses to continue to be our primary expense as we enter into a more advanced stage of preclinical and clinical trials for certain of our product candidates.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $5.4 million for the six months ended June 30, 2020, an increase of $1.1 million, or 25%, compared to $4.3 million for the six months ended June 30, 2019. The increase resulted primarily from a $0.8 million increase in compensation related costs and a $0.3 million increase in professional fees.

Financial Expenses, Net

Financial expenses net were $4.9 million for the six months ended June 30, 2020, an increase of $1.3 million, or 36%, compared to financial expenses net of $3.6 million for the six months ended June 30, 2019. The increase resulted primarily from expenses related to our outstanding convertible notes equal to $1.3 million.

Liquidity and Capital Resources

Our sources of liquidity include our cash balances. At June 30, 2020, we had $4.8 million in cash and cash equivalents and $35.2 million in bank deposits (both short and long term). We have primarily financed our operations through equity and debt financings, business collaborations, and grants funding.

During the six months ended June 30, 2020, we completed a private placement of common stock and warrants with committed net proceeds of approximately $41.3 million. In connection with the offering, we issued 17,604,423 unregistered shares of our common stock at a purchase price per share of $2.485 and warrants to purchase an additional 17,604,423 shares of common stock at an exercise price of $2.36 per share.

Cash Flows

Net cash used in operations was $15.0 million for the six months ended June 30, 2020. In response to the COVID-19 pandemic, a higher number of subjects in our ongoing clinical trials opted for home care treatments over in-site treatments which resulted in an immaterial amount of additional expenses. The net loss for the six months ended June 30, 2020 of $2.5 million was increased by a $10.8 million decrease in contracts liability, a $1.6 million increase in accounts receivable and other assets and a $2.9 million increase in inventories, partially offset by an increase of $0.3 million in accounts payable and accruals, and $1.7 million amortization of debt issuance costs and debt discount. Net cash used in investing activities for the six months ended June 30, 2020 was $35.3 million and consisted primarily of an increase in bank deposits. Net cash provided by financing activities was $37.3 million resulting from our issuance of common stock and warrants on March 18, 2020.

Net cash used in operations was $12.4 million for the six months ended June 30, 2019. The net loss for the six months ended June 30, 2019 of $15 million was increased by a $2.8 million increase in accounts receivable, but was partially offset by an increase of $1.5 million in accounts payable and accruals and by a decrease in inventories of $1.6 million. Net cash used in investing activities for the six months ended June 30, 2019 was $0.5 million and consisted primarily of purchases of property and equipment, and an increase in restricted deposit.

Future Funding Requirements

As a result of our significant research and development expenditures and the lack of significant revenue from sales of taliglucerase alfa, we have generated operating losses from our continuing operations since our inception. We currently have outstanding $57.9 million aggregate principal amount of our 2021 Notes that are secured with a perfected lien on all of our assets. Under the terms of the indenture governing the 2021 Notes, we are required to maintain a minimum cash balance of at least $7.5 million. As previously disclosed, we have received a deficiency letter from the NYSE American stating that we are not in compliance with the continued listing standards as set forth in Section 1003(a)(i) – (iii) of the NYSE American Company Guide as we have reported a stockholders' equity deficiency as of June 30, 2019 and net losses in our five most recent fiscal years ended December 31, 2018. The letter has no immediate effect on the listing of our common stock on the NYSE American. Our common stock will trade on the NYSE American while we regain compliance with the continued listing standards.

We expect to continue to incur significant expenditures in the near future, including significant research and development expenses related primarily to the clinical trials of PRX-102. Our material cash needs for the next 24 months will include, among other expenses, (i) costs of preclinical and clinical trials, (ii) employee salaries, (iii) payments for rent and operation of our manufacturing facilities, (iv) fees to our consultants and legal advisors, patents and fees for service providers in connection with our research and development efforts and (v) payment of principal and interest on our outstanding convertible promissory notes and other debt. We believe that the funds currently available to us are sufficient to satisfy our capital needs for at least 12 months from the date that the financial statements are issued.

We may be required to raise additional capital in the future in order to develop and commercialize our product candidates and continue research and development activities. Our ability to raise capital, and the amounts of necessary capital, will depend on many other factors, including:

- our ability to maintain the listing of our common stock with the NYSE American;
- our efforts, combined with those of Chiesi, to commercialize PRX-102;
- our progress in commercializing BioManguinhos alfataliglicerase in Brazil;
- the costs of commercialization activities, including product marketing, sales and distribution;
- the progress and results of our clinical trials, particularly our clinical trials of PRX-102;
- the duration and cost of discovery and preclinical development and laboratory testing and clinical trials for our product candidates;

- conversions of our 2021 Notes from time to time;
- the timing and outcome of regulatory review of our product candidates; and
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims and other intellectual property rights.

We expect to finance our future cash needs through corporate collaborations, licensing or similar arrangements, public or private equity offerings and/or debt financings. We currently do not have any commitments for future external funding, except with respect to the development-related payments and milestone payments that may become payable under the Chiesi Agreements. Currently, we do not expect the COVID-19 pandemic to have an adverse effect on our ability to raise capital if and to the extent we deem necessary.

Effects of Currency Fluctuations

Currency fluctuations could affect us through increased or decreased acquisition costs for certain goods and services. We do not believe currency fluctuations have had a material effect on our results of operations during the six months ended June 30, 2020 and June 30, 2019.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of each of June 30, 2020 and June 30, 2019.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Currency Exchange Risk

The currency of the primary economic environment in which our operations are conducted is the dollar. Most of our revenues and approximately 50% of our expenses and capital expenditures are incurred in dollars, and a significant source of our financing has been provided in U.S. dollars. Since the dollar is the functional currency, monetary items maintained in currencies other than the dollar are remeasured using the rate of exchange in effect at the balance sheet dates and non-monetary items are remeasured at historical exchange rates. Revenue and expense items are remeasured at the average rate of exchange in effect during the period in which they occur. Foreign currency translation gains or losses are recognized in the statement of operations.

Approximately 40% of our costs, including salaries, expenses and office expenses, are incurred in NIS. Inflation in Israel may have the effect of increasing the U.S. dollar cost of our operations in Israel. If the U.S. dollar declines in value in relation to the NIS, it will become more expensive for us to fund our operations in Israel. A revaluation of 1% of the NIS will affect our loss before tax by less than 1%. The exchange rate of the U.S. dollar to the NIS, based on exchange rates published by the Bank of Israel, was as follows:

	Six Months Ended June 30,		Year Ended December 31,
	2020	2019	2019
Average rate for period	3.509	3.620	3.565
Rate at period end	3.466	3.566	3.456

To date, we have not engaged in hedging transactions. In the future, we may enter into currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rate of the U.S. dollar against the NIS. These measures, however, may not adequately protect us from material adverse effects due to the impact of inflation in Israel.

Interest Rate Risk

Our exposure to market risk is confined to our cash and cash equivalents. We consider all short term, highly liquid investments, which include short-term deposits with original maturities of three months or less from the date of purchase, that are not restricted as to withdrawal or use and are readily convertible to known amounts of cash, to be cash equivalents. The primary objective of our investment activities is to preserve principal while maximizing the interest income we receive from our investments, without increasing risk. We invest any cash balances primarily in bank deposits and investment grade interest-bearing instruments. We are exposed to market risks resulting from changes in interest rates. We do not use derivative financial instruments to limit exposure to interest rate risk. Our interest gains may decline in the future as a result of changes in the financial markets.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. The controls evaluation was conducted under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Disclosure controls and procedures are controls and procedures designed to reasonably assure that information required to be disclosed in our reports filed under the Exchange Act, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures are also designed to reasonably assure that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Based on the controls evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the Commission, and that material information relating to our company and our consolidated subsidiary is made known to management, including the Chief Executive Officer and Chief Financial Officer, particularly during the period when our periodic reports are being prepared.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within a company have been detected.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15f and 15d-15f under the Exchange Act) that occurred during the quarter ended June 30, 2020 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not involved in any material legal proceedings.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

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

There were no unregistered sales of equity securities during the three months ended June 30, 2020.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosure

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Date	
3.1	Certificate of Incorporation of the Company	8-K	333-48677	3.1	April 1, 2016	
3.2	Amendment to Certificate of Incorporation of the Company	Def 14A	001-33357	Appen. A	July 1, 2016	
3.3	Second Amendment to Certificate of Incorporation of the Company	Def 14A	001-33357	Appen. A	October 17, 2018	
3.4	Third Amendment to Certificate of Incorporation of the Company	8-K	001-33357	3.1	December 19, 2019	
3.5	Bylaws of the Company	8-K	001-33357	3.2	April 1, 2016	
4.1	Form of Restricted Stock Agreement/Notice	8-K	001-33357	4.1	July 18, 2012	
4.2	Indenture, dated as of December 7, 2016, between Protalix BioTherapeutics, Inc. the guarantors party thereto, The Bank of New York Mellon Trust Company, N.A., as trustee and Wilmington Savings Fund Society, FSB, as collateral agent	8-K	001-33357	4.1	December 7, 2016	
4.3	Form of 7.50% Convertible Note due 2021 (Issued in 2016 Financing)	8-K	001-33357	4.2	December 7, 2016	
4.4	Form of 7.50% Convertible Note due 2021 (Issued in 2016 Exchange)	8-K	001-33357	4.3	December 7, 2016	

4.5	First Supplemental Indenture, dated as of July 24, 2017, by and among Protalix BioTherapeutics, Inc., the guarantors party thereto, The Bank of New York Mellon Trust Company, N.A., as trustee, and Wilmington Savings Fund Society, FSB, as collateral agent	8-K	001-33357	4.2	July 25, 2017	
4.6	Second Supplemental Indenture, dated as of November 27, 2017, by and among Protalix BioTherapeutics, Inc., the guarantors party hereto and The Bank of New York Mellon Trust Company, N.A., as trustee, registrar, paying agent and conversion agent	8-K	001-33357	4.1	December 1, 2017	
4.7	Form of Warrant	8-K	001-33357	4.1	March 12, 2020	
4.8	Form of Stock Option Agreement (Executives)					X
4.9	Form of Stock Option Agreement (Standard)					X
10.1	Amended & Restated Protalix BioTherapeutics, Inc. 2006 Employee Stock Incentive Plan, as amended					X
10.2	Employment Agreement with Yael Hayon, Ph.D., dated June 7, 2020	8-K	001-33357	10.1	June 7, 2020	
10.3	Amended and Restated Employment Agreement with Einat Brill Almon, Ph.D., dated June 7, 2020	8-K	001-33357	10.2	June 7, 2020	
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1	18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Certification of Chief Executive Officer					X
32.2	18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Certification of Chief Financial Officer					X
101.INS	XBRL INSTANCE FILE					X
101.SCH	XBRL SHEMA FILE					X
101.CAL	XBRL CALCULATION FILE					X
101.DEF	XBRL DEFINITION FILE					X
101.LAB	XBRL LABEL FILE					X
101.PRE	XBRL PRESENTATION FILE					X
104	COVER PAGE INTERACTIVE DATA FILE (formatted as Inline XBRL and contained in Exhibit 101).					

SIGNATURES

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

PROTALIX BIOTHERAPEUTICS, INC.
(Registrant)

Date: August 10, 2020

By: /s/ Dror Bashan

Dror Bashan
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 10, 2020

By: /s/ Eyal Rubin

Eyal Rubin
Senior Vice President and Chief Financial Officer, Treasurer and Secretary
(Principal Financial and Accounting Officer)

Exhibit 4.8

OPTION AGREEMENT
(EXECUTIVE OFFICERS)

This Option Agreement is made as of _____ __, ____ (the "**Agreement**"), by and between **PROTALIX BIOTHERAPEUTICS, INC.**, a corporation incorporated under the laws of the State of Delaware (the "**Corporation**"), and the following employee of the Corporation (the "**Optionee**"):

NAME:
ID:

WHEREAS, the Corporation maintains the Amended and Restated Protalix BioTherapeutics, Inc., 2006 Stock Incentive Plan, as may be amended from time to time, a copy of which is has been provided to the Optionee with this Agreement and forms an integral part hereof (the "**Plan**"); and

WHEREAS, the Corporation has determined that the Optionee be granted an option under the Plan to purchase shares of the Corporation's common stock, par value US$ 0.001 per share (the "**Shares**"), and the Optionee has agreed to such grant, subject to all the terms and conditions as set forth in the Plan and as provided herein.

NOW, THEREFORE, it is agreed as follows:

1. **PREAMBLE AND DEFINITIONS**

1.1. The Preamble to this Agreement constitutes an integral part hereof.

1.2. Unless otherwise defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Plan.

2. **GRANT OF OPTIONS**

2.1. The Corporation hereby grants to the Optionee the number of Options set forth in **Exhibit A** hereto, each Option exercisable into 1 (one) Share, against payment of the Purchase Price specified in **Exhibit A**, subject to the terms and conditions set forth in the Plan and the terms and conditions set forth herein.

2.2. The Optionee is aware that the Corporation intends to issue additional shares and to grant additional Options and other equity awards in the future to various entities and individuals, as the Corporation in its sole discretion shall determine.

2.3. All Trustee 102 Options will be held in trust by a Trustee appointed by the Corporation in its sole discretion and approved pursuant to Section 102 of the Tax Ordinance and the rules, regulations, orders and procedures promulgated thereunder ("**Section 102**").

2.4. With respect to Trustee 102 Options, the Optionee hereby acknowledges that he/she is familiar with the provisions of Section 102, including without limitation the type of Options granted hereunder and the tax implications applicable to such grant.

2.5. Trustee 102 Options, which shall be granted under the Plan and/or any Shares allocated or issued upon exercise of such Trustee 102 Options and/or other shares received subsequently following any changes in capitalization as specified in Section 10 of the Plan, shall be allocated or issued to the Trustee and held for the benefit of the Optionee for such period of time as required by Section 102 (the "**Holding Period**"). If the requirements for Trustee 102 Options are not met for any reason whatsoever, the Trustee 102 Options may be treated as Non-Trustee 102 Options, all in accordance with the provisions of Section 102.

2.6. With respect to any Trustee 102 Option, subject to the provisions of Section 102, an Optionee shall not sell or release from trust any Trustee 102 Option or Shares received upon the exercise of a Trustee 102 Option and/or any right deriving from or in connection therewith, including, without limitation, in accordance with Section 10 of the Plan or any bonus shares or stock dividends issued in connection therewith, until the later of (i) the lapse of the Holding Period required under Section 102, and (ii) the Vesting Dates pursuant hereto and provided further that the Optionee has deposited with the Trustee the funds which, in the Trustee's discretion, is sufficient and necessary for the discharge of such Optionee's tax obligations with respect to such Options and/or Shares. Notwithstanding the above, if any such sale or release occurs during the Holding Period, the sanctions under Section 102 shall apply to and any expenses and/or tax consequences therefrom shall be borne solely by the Optionee.

3. **PERIOD OF OPTION; VESTING**

3.1. The term of this Option Agreement shall commence on the Date of Grant as set forth in **Exhibit A** hereto and terminate on the earlier of the Expiration Date (as defined in Section 5.1 below), or the time at which the Option expires or terminates pursuant to the terms of the Plan or pursuant to the terms of this Agreement.

3.2. Subject to the provisions of the Plan, Options shall vest and become exercisable according to the Vesting Dates set forth in Section 20(d) of the Plan, unless agreed otherwise as set forth in **Exhibit A** (the "**Vesting Dates**"), subject to Continuous Service of the Optionee on each applicable Vesting Date.

4. **METHOD AND CONDITIONS OF EXERCISE**

4.1. Subject to the terms of the this Agreement, the Plan and the Tax Ordinance, Options may be exercised by the Optionee by giving a written notice to the Corporation, in such form and method as may be determined by the Corporation (the "**Exercise Notice**"), which exercise shall be effected following receipt of such notice by the Corporation at its principal office, accompanied by payment of the Purchase Price in full in any of the means (or combination of means) allowed pursuant to the Plan. The notice shall specify the number of Shares with respect to which the Options are being exercised. In addition to the foregoing, the Corporation may have in place, from time to time, a system whereby the Optionee can exercise his/her Options directly on-line through the Trustee. In such cases, direct exercise by the Optionee through any such system shall be deemed the delivery of an Exercise Notice.

4.2. Options may be exercised by the Optionee in whole at any time or in part from time to time, prior to the Expiration Date, to the extent that the Options become vested and exercisable in accordance with **Exhibit A**; provided, however, that such exercise is subject to the requirements of Section 102, Sections 4.4, 4.5 and the Optionee's Continuous Service at all times during the period beginning on the Date of Grant and ending upon the date of exercise.

4.3. The Corporation shall, following receipt of an Exercise Notice, take all reasonably necessary steps to forthwith comply therewith, and issue the Shares to the Trustee to be held by the Trustee in accordance with the provisions of Section 20 of the Plan. Subject to the terms hereof, the Trustee will transfer the Shares to the Optionee upon demand, but in case of Shares received in connection with the exercise of 102 Options, not prior to the end of the Holding Period, and in any event subject to the provisions of Section 102. If the Corporation is required to take any action with respect to the Shares before the issuance thereof, the issuance shall be delayed until all actions required have been taken. The Optionee agrees and acknowledges that the Options and/or Shares will not be transferred and released from the trust without deduction of applicable taxes at source or the deposit with the Trustee of funds which, in the Trustee's opinion, are sufficient and necessary for the discharge of the such Optionee's tax obligations with respect to the Options and/or Shares, and the Optionee authorizes the Trustee to execute any agreement with the Corporation in connection therewith. The Optionee hereby releases the Corporation and the Trustee from any liability in respect of any action or decision executed in pursuant to the Plan and this Agreement, or any Option or Share granted to him thereunder.

4.4. Subject to the provisions of Section 4.5 below, upon any termination or expiration of Optionee's Continuous Service, all Options granted to the Optionee will immediately expire such that the unvested portion of the Options will not vest, and the vested portion of the Options shall no longer be exercisable. A notice of termination of Continuous Service shall be deemed to constitute termination of employment or service unless such notice specifies a later day on which employment or notice is to terminate.

4.5. Notwithstanding anything to the contrary herein above, an Option may be exercised after the date of termination of Optionee's Continuous Service during an additional period of time beyond the date of such termination, but (a) only with respect to the number of Options already vested at the time of such termination according to the Vesting Dates (the "**Qualified Options**"), and (b) in no event after the Expiration Date of such Option, if: (i) termination is for reason other than Cause, Disability or death, any Qualified Option still in force and unexpired may be exercised within a period of twelve (12) months from the date of such termination; (ii) termination is the result of Disability or death of the Optionee, in which event any Qualified Option still in force and unexpired may be exercised within a period of twelve (12) months from the date of termination; (iii) within a period of twelve (12) months from the date of termination as set forth in Section 6 below; (iv) within fourteen (14) days from the date of termination for Cause; or (v) if prior to the date of such termination, the Administrator has authorized an extension of the terms of all or part of the Options beyond the date of such termination, then for a period not to exceed the period during which the Options by their terms would otherwise have been exercisable.

4.6. With respect to Non-Trustee 102 Options, if the Optionee ceases to be employed by the Corporation, the Optionee shall extend to the Corporation a security or guarantee for the payment of tax due at the time of sale of Shares, all in accordance with the provisions of Section 102.

4.7. No fractional shares shall be issued upon the exercise hereof and any fractional shares, if any, shall be rounded to the lowest whole number.

5. **TERMINATION OF OPTION**

Except as otherwise stated in this Agreement, the Options, to the extent not previously exercised and paid for, shall terminate forthwith upon the earlier of: (i) the expiration date set forth in **Exhibit A** hereto; (ii) the expiration of 10 years from the Date of Grant, and (iii) the expiration of any extended period in any of the events set forth in Section 4.5 above (and any such earlier date shall be referred to as the "**Expiration Date**"), and the right to acquire the Shares underlying the Options shall terminate, all interests and rights of the Optionee in and to the same shall ipso facto expire, and, in the event that in connection therewith any Options are still held by the Trustee as aforesaid, the trust with respect thereto shall ipso facto expire.

6. **CORPORATE TRANSACTIONS AND CHANGE OF CONTROL**

Notwithstanding anything herein or in the Plan to the contrary, in the event of a Corporate Transaction or Change in Control, all of the Shares underlying the Options shall vest automatically and immediately.

7. **RIGHTS PRIOR TO EXERCISE OF OPTION; LIMITATIONS AFTER PURCHASE OF SHARES**

7.1. Subject to the provisions of Section 7.2 below, the Optionee shall not have any of the rights or privileges of a stockholder of the Corporation in respect of any Shares purchasable upon the exercise of any Option unless and until, following exercise and discharge by the Optionee of all its obligations in connection therewith (including the payment of applicable aggregate Purchase Price for the Shares issued upon exercise of the Options and any applicable taxes), the Optionee is registered as holder of such Shares in the Corporation's register of stockholders and in case of Options and Shares held by the Trustee, subject always to the provisions of Section 20 of the Plan.

7.2. No Option granted hereunder, whether fully paid or not, may be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

7.3. Any such action made directly or indirectly, for an immediate validation or for a future one, shall be void.

7.4. As long as the Shares are held by the Trustee in favor of the Optionee, all rights the latter possesses over the Shares shall be personal, and may not be transferred, assigned, pledged or mortgaged, other than by will or laws of descent and distribution.

7.5. The Shares issued to the Optionee shall be subject to such restrictions as required by any applicable securities law or the Corporation (including any lock up undertaking).

7.6. Until registered in the name of the Optionee, Shares eligible for voting shall be voted by an irrevocable proxy a copy of which is attached hereto as **Exhibit B**. Those empowered under the Proxy shall be indemnified and held harmless by the Corporation against any cost or expense (including counsel fees) reasonably incurred by him/her, or any liability (including any sum paid in settlement of a claim with the approval of the Corporation) arising out of any act or omission to act in connection with the voting of such proxy unless arising out of such person's own fraud, bad faith or gross negligence, to the extent permitted by applicable law. Such indemnification shall be in addition to any rights of indemnification the person(s) may have as a director, officer or otherwise under the Corporation's Certificate of Incorporation, any agreement, any vote of stockholders or directors, insurance policy or otherwise.

7.7. The Optionee acknowledges that its right to sell Shares may be subject to some representations or undertakings on its part as well as other limitations, as set forth by the Corporation or, in the event the Corporation's shares are registered for trading in any public market, by the Corporation or its underwriters. In any such events, the Optionee will unconditionally agree to any such limitations as well as to make such representations, and perform such undertakings.

7.8. The Optionee shall not dispose of any Shares in transactions which violate, in the opinion of the Corporation, any applicable laws, rules and regulations.

7.9. The Optionee agrees that the Corporation shall have the authority to endorse upon the certificate or certificates representing the Shares such legends referring to any applicable representations and undertakings of the Optionee as well as other applicable limitations and restrictions as it may deem appropriate.

7.10. The Optionee agrees that he or she will not effect any sale or other disposition of Shares underlying the options granted to the Optionee under this Agreement, unless upon such sale or other disposition of Shares and after giving effect to the number of Shares so sold, the Optionee will retain, in the aggregate, a number of shares of common stock of the Corporation, including shares underlying outstanding stock options (provided that, as of the date of such sale, such options have an exercise price that is lower than the market price of the common stock on the date of sale), that have an aggregate market value, based on the market price of the Corporation's common stock on the date of sale or other disposition, equal to not less than the annual base salary of the Optionee. The restrictions set forth in this Section 7.10 shall terminate automatically, and cease to have any force or effect upon the earlier of a Change of Control or a Corporate Transaction, and the eighth anniversary of the Date of Grant. The restrictions set forth in this Section 7.10 shall also terminate automatically, and cease to have any force or effect upon; if the Optionee ceases to perform Continuous Services.

8. **SHARES SUBJECT TO PLEDGE**

Unless otherwise prohibited by law and notwithstanding anything to the contrary, if at the time at which any of the Options granted hereunder is exercised, Optionee is indebted to the Corporation (or any Related Entity) for any reason, then any Shares to be issued upon such exercise shall automatically be pledged against Optionee's outstanding indebtedness, as deemed appropriate by the Administrator.

9. **GOVERNMENT REGULATIONS**

The Plan, the grant and exercise of Options hereunder, and the obligation of the Corporation to sell and deliver Shares under such Options, shall be subject to all applicable laws, rules and regulations, whether of the State of Israel or of the United States or any other state having jurisdiction over the Corporation and the Optionee, including without limitation, the U.S. Securities Act of 1933 and the Israeli Securities Law and or any applicable securities law, and to such approvals by any governmental agencies or national securities exchanges as may be required.

10. **CONTINUOUS SERVICE**

This Agreement, and the grant of Options set forth herein, shall not confer upon the Optionee any right with respect to the Optionee's Continuous Service, nor shall it interfere in any way with his or her right or the right of the Corporation or any Related Entity to terminate the Optionee's Continuous Service at any time, with or without cause, including but not limited to, Cause, and with or without notice. The ability of the Corporation or any Related Entity to terminate the employment of the Optionee, who is employed at will, is in no way affected by its determination that the Grantee's Continuous Service has been terminated for Cause for the purposes of this Agreement and the grant of Options set forth herein.

11. **GOVERNING LAW & JURISDICTION**

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Israel applicable to contracts made and to be performed therein, without giving effect to the principles of conflict of laws. The competent courts of Tel-Aviv, Israel shall have sole jurisdiction in any matters pertaining to this Agreement and/or the Plan.

12. **TAX CONSEQUENCES**

12.1. To the extent permitted by applicable law, any tax consequences arising from the grant or exercise of any Option, from the payment for Shares covered thereby or from any other event or act hereunder (whether taken by the Corporation, a Related Entity, the respective affiliates, the Trustee or the Optionee), shall be borne solely by the Optionee. The Corporation, a Related Entity and/or the Trustee is authorized to withhold taxes according to the requirements under applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the Optionee hereby agrees to indemnify the Corporation, any Related Entity and/or the Trustee and hold them harmless against and from any and all liability for or in connection with any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Optionee.

12.2. The Optionee will not be entitled to receive from the Corporation, any Related Entity and/or the Trustee nor will the Trustee be required to release any Shares allocated or issued upon the exercise of Options prior to the full payment by the Optionee of the tax liabilities arising from the Options granted to him or her and/or the Shares issuable upon the exercise of such Options. Neither the Corporation nor the Trustee shall be required to release any share certificate to the Optionee until all payments required to be made by the Optionee, in the Trustee's opinion, have been fully satisfied.

12.3. The Corporation makes no representations or warranties regarding the tax treatment in connection with any aspect of the grant of any Option hereunder, including the exercise of the Option and the subsequent sale of Shares issued upon such exercise.

12.4. The receipt of the Options and the acquisition of the Shares to be issued upon the exercise of the Options may result in tax consequences. THE OPTIONEE IS ADVISED TO CONSULT A TAX ADVISER WITH RESPECT TO THE TAX CONSEQUENCES OF RECEIVING OR EXERCISING THE OPTIONS OR DISPOSING OF THE SHARES.

13. **DISCRETIONARY GRANT; NO WARRANTY AS TO FINANCIAL GAIN OR LOSS.**

13.1. The grant of Options under the Plan is made at the discretion of the Administrator. The grant of an Option at a certain time does not in any way entitle the Optionee to any future Option grant.

13.2. The Corporation makes no express or implied promise or warranty as to the financial gain to be achieved or loss to be incurred through participation in the Plan and grant of Options hereunder.

14. **FAILURE TO ENFORCE NOT A WAIVER**

The failure of any party to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

15. **PROVISIONS OF THE PLAN**

15.1. Without derogating from Section 15.3 below, the Options provided for herein are granted pursuant to the Plan, and said Options and this Agreement are in all respects governed by and subject to the terms and conditions of the Plan including all obligations on the Optionee, restrictions or limitations set forth therein with respect to the grant of Options or the Optionee's eligibility to exercise such Options or receive or sell Shares covered thereby (or any other issue in connection with the foregoing) whether or not such obligations, restrictions or limitations are stipulated herein.

15.2. Without derogating from Section 15.3 below, any interpretation of this Agreement will be made in accordance with the Plan and in the event there is any contradiction between the provisions of this Agreement and the Plan, the provisions of the Plan will prevail.

15.3. Notwithstanding anything to the contrary (including the provisions of Sections 15.1 and 15.2): (a) **Exhibit A** to this Agreement and Section 7 hereof will prevail over the terms of the Plan; and (b) any provisions of this Agreement imposing obligations on the Optionee, any restrictions or limitations with respect to the grant of Options hereunder or the Optionee's eligibility to exercise such Options or receive or sell Shares covered thereby (or any other issue in connection with the foregoing), beyond the obligations,

restrictions or limitations in connection therewith set forth in the Plan, shall be of full force and effect, be deemed additional to, and not substitutive for, the obligations, restrictions and limitations in connection therewith set forth in the Plan and shall not be derogated thereby.

16. **BINDING EFFECT**

This Agreement shall be binding upon the heirs, executors, administrators, and successors of the parties hereof.

17. **NOTICES**

All notices or other communications given or made hereunder shall be in writing and shall be delivered or mailed by registered mail or delivered by facsimile with written confirmation of receipt, to the Optionee at his or her address included in the Corporation's records and/or to the Corporation at the address below, or at such other place as the Corporation may designate by written notice to the Optionee:

PROTALIX BIOTHERAPEUTICS, INC.
c/o Protalix Ltd.
2 Snunit Street, Science Park
P.O. Box 455
Carmiel 2161401, Israel
Facsimile: 972-4-9889489
Attn: Chief Financial Officer

The Optionee is responsible for notifying the Corporation in writing of any change in the Optionee's address, and the Corporation shall be deemed to have complied with any obligation to provide the Optionee with notice by sending such notice to the address indicated above or such changed address as to which it has been notified as specified herein, as applicable.

18. **ENTIRE AGREEMENT**

This Agreement and the Plan exclusively conclude all the terms of the Optionee's Options, and annul and supersede any other agreement, arrangement or understanding, whether oral or in writing, relating to the grant of Options covered by this Agreement to the Optionee. Any change of any kind to this Agreement will be valid only if made in writing and signed by both the Optionee and the Corporation's authorized representative and has received the approval of the Administrator.

IN WITNESS WHEREOF, the Corporation executed this Agreement as of the date first set forth above.

PROTALIX BIOTHERAPEUTICS, INC.

By: _____
Name:
Title:

The Optionee acknowledges receipt of a copy of the Plan and the Prospectus and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Agreement and the Plan (and the Prospectus) including all of the terms and provisions thereof. The Optionee has reviewed the Plan, the Prospectus and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of the Agreement and the Plan (and the Prospectus). The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any question arising under the Plan or this Agreement. The Optionee further agrees to notify the Corporation upon any change in the residence address indicated above.

_____

EXHIBIT A

Terms of the Options

Name of the Optionee:

Designation: **☒Trustee 102 Options (Capital Gains Options) / ☐Non-Trustee 102 Options**

Aggregate Number of Options Granted:

Date of Grant: _____ __, ____

Purchase Price per Share:

Vesting Dates:

Expiration Date: _____ __, ____

_____ _____

NAME **DATE**

EXHIBIT B

PROXY

The undersigned hereby grants an irrevocable proxy to the Trustee under the Amended and Restated Protalix BioTherapeutics, Inc., 2006 Stock Incentive Plan, as amended (the "**Plan**"), to vote all shares issued upon the exercise of Options by the undersigned at all meetings of the stockholders of Protalix Biotherapeutics, Inc. (the "**Corporation**"), and to sign all written resolutions of the stockholders of the Corporation on behalf of the undersigned, including the right to waive on behalf of the undersigned all minimum notice requirements for meetings of stockholders of the Corporation, and hereby authorize and grant a power of attorney to the Trustee as follows:

Unless otherwise defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Plan. The undersigned hereby authorizes and grants power of attorney to the Trustee for as long as any Shares and/or Options which were allotted or granted on my behalf are held by the Trustee or registered in my name, or for as long as the certificates representing any shares are held by the Trustee, to exercise every right, power and authority with respect to the Shares and/or Options and to sign in my name and on my behalf any document (including any agreement, including a merger agreement of the Corporation or an agreement for the purchase or sale of assets or shares (including the shares of the Corporation held on my behalf) and any and all documentation accompanying any such agreements, such as, but not limited to, decisions, requests, instruments, receipts and the like), and any affidavit or approval with respect to the Shares and/or Options or to the rights which they represent in the Corporation in as much as the Trustee shall deem it necessary or desirable to do so. In addition and without derogating from the generality of the foregoing, I hereby authorize and grant power of attorney to the Trustee to sign any document as aforesaid and any affidavit or approval and/or to make and execute any undertaking in my name and on my behalf if the Trustee shall, at its sole discretion, deem that the document, affidavit or approval is necessary or desirable for purposes of any placement of securities of the Corporation, whether private or public (including lock-up arrangements and undertakings), whether in Israel or abroad, for purposes of a merger of the Corporation with another entity, whether the Corporation is the surviving entity or not, for purposes of any reorganization or recapitalization of the Corporation or for purposes of any purchase or sale of assets or shares of the Corporation.

This Proxy and Power of Attorney shall be interpreted in the widest possible sense, in reliance upon the Plan and upon the goals and intentions thereof.

This proxy shall remain in effect until the earlier of the consummation of a Corporate Transaction or Change in Control.

NAME	**DATE**

OPTION AGREEMENT
(STANDARD)

This Option Agreement is made as of _____ ___, _____ (the "**Agreement**"), by and between **PROTALIX BIOTHERAPEUTICS, INC.**, a corporation incorporated under the laws of the State of Delaware (the "**Corporation**"), and the following employee of the Corporation (the "**Optionee**"):

NAME:
ID:

WHEREAS, the Corporation maintains the Amended and Restated Protalix BioTherapeutics, Inc., 2006 Stock Incentive Plan, as may be amended from time to time, a copy of which is has been provided to the Optionee with this Agreement and forms an integral part hereof (the "**Plan**"); and

WHEREAS, the Corporation has determined that the Optionee be granted an option under the Plan to purchase shares of the Corporation's common stock of the Corporation of par value US$ 0.001 each (the "**Shares**"), and the Optionee has agreed to such grant, subject to all the terms and conditions as set forth in the Plan and as provided herein.

NOW, THEREFORE, it is agreed as follows:

1. **PREAMBLE AND DEFINITIONS**

1.1. The Preamble to this Agreement constitutes an integral part hereof.

1.2. Unless otherwise defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Plan.

2. **GRANT OF OPTIONS**

2.1. The Corporation hereby grants to the Optionee the number of Options set forth in **Exhibit A** hereto, each Option exercisable into 1 (one) Share, against payment of the Purchase Price specified in **Exhibit A**, subject to the terms and conditions set forth in the Plan and the terms and conditions set forth herein.

2.2. The Optionee is aware that the Corporation intends to issue additional shares and to grant additional Options and other equity awards in the future to various entities and individuals, as the Corporation in its sole discretion shall determine.

2.3. All Trustee 102 Options will be held in trust by a Trustee appointed by the Corporation in its sole discretion and approved pursuant to Section 102 of the Tax Ordinance and the rules, regulations, orders and procedures promulgated thereunder ("**Section 102**").

2.4. With respect to Trustee 102 Options, the Optionee hereby acknowledges that he/she is familiar with the provisions of Section 102, including without limitation the type of Options granted hereunder and the tax implications applicable to such grant.

2.5. Trustee 102 Options, which shall be granted under the Plan and/or any Shares allocated or issued upon exercise of such Trustee 102 Options and/or other shares received subsequently following any changes in capitalization as specified in Section 10 of the Plan, shall be allocated or issued to the Trustee and held for the benefit of the Optionee for such period of time as required by Section 102 (the "**Holding Period**"). If the requirements for Trustee 102 Options are not met for any reason whatsoever, the Trustee 102 Options may be treated as Non-Trustee 102 Options, all in accordance with the provisions of Section 102.

2.6. With respect to any Trustee 102 Option, subject to the provisions of Section 102, an Optionee shall not sell or release from trust any Trustee 102 Option or Shares received upon the exercise of a Trustee 102 Option and/or any right deriving from or in connection therewith, including, without limitation, in accordance with Section 10 of the Plan or any bonus shares or stock dividends issued in connection therewith, until the later of (i) the lapse of the Holding Period required under Section 102, and (ii) the Vesting Dates pursuant hereto and provided further that the Optionee has deposited with the Trustee the funds which, in the Trustee's discretion, is sufficient and necessary for the discharge of such Optionee's tax obligations with respect to such Options and/or Shares. Notwithstanding the above, if any such sale or release occurs during the Holding Period, the sanctions under Section 102 shall apply to and any expenses and/or tax consequences therefrom shall be borne solely by the Optionee.

3. **PERIOD OF OPTION; VESTING**

3.1. The term of this Option Agreement shall commence on the Date of Grant as set forth in **Exhibit A** hereto and terminate on the earlier of the Expiration Date (as defined in Section 5.1 below), or the time at which the Option expires or terminates pursuant to the terms of the Plan or pursuant to the terms of this Agreement.

3.2. Subject to the provisions of the Plan, Options shall vest and become exercisable according to the Vesting Dates set forth in Section 20(d) of the Plan, unless agreed otherwise as set forth in **Exhibit A** (the "**Vesting Dates**"), subject to Continuous Service of the Optionee on each applicable Vesting Date.

4. **METHOD AND CONDITIONS OF EXERCISE**

4.1. Subject to the terms of the this Agreement, the Plan and the Tax Ordinance, Options may be exercised by the Optionee by giving a written notice to the Corporation, in such form and method as may be determined by the Corporation (the "**Exercise Notice**"), which exercise shall be effected following receipt of such notice by the Corporation at its principal office, accompanied by payment of the Purchase Price in full in any of the means (or combination of means) allowed pursuant to the Plan. The notice shall specify the number of Shares with respect to which the Options are being exercised. In addition to the foregoing, the Corporation may have in place, from time to time, a system whereby the Optionee can exercise his/her Options directly on-line through the Trustee. In such cases, direct exercise by the Optionee through any such system shall be deemed the delivery of an Exercise Notice.

4.2. Options may be exercised by the Optionee in whole at any time or in part from time to time, prior to the Expiration Date, to the extent that the Options become vested and exercisable in accordance with **Exhibit A**; provided, however, that such exercise is subject to the requirements of Section 102, Sections 4.4, 4.5 and the Optionee's Continuous Service at all times during the period beginning on the Date of Grant and ending upon the date of exercise.

4.3. The Corporation shall, following receipt of an Exercise Notice, take all reasonably necessary steps to forthwith comply therewith, and issue the Shares to the Trustee to be held by the Trustee in accordance with the provisions of Section 20 of the Plan. Subject to the terms hereof, the Trustee will transfer the Shares to the Optionee upon demand, but in case of Shares received in connection with the exercise of 102 Options, not prior to the end of the Holding Period, and in any event subject to the provisions of Section 102. If the Corporation is required to take any action with respect to the Shares before the issuance thereof, the issuance shall be delayed until all actions required have been taken. The Optionee agrees and acknowledges that the Options and/or Shares will not be transferred and released from the trust without deduction of applicable taxes at source or the deposit with the Trustee of funds which, in the Trustee's opinion, are sufficient and necessary for the discharge of the such Optionee's tax obligations with respect to the Options and/or Shares, and the Optionee authorizes the Trustee to execute any agreement with the Corporation in connection therewith. The Optionee hereby releases the Corporation and the Trustee from any liability in respect of any action or decision executed in pursuant to the Plan and this Agreement, or any Option or Share granted to him thereunder.

4.4. Subject to the provisions of Section 4.5 below, upon any termination or expiration of Optionee's Continuous Service, all Options granted to the Optionee will immediately expire such that the unvested portion of the Options will not vest, and the vested portion of the Options shall no longer be exercisable. A notice of termination of Continuous Service shall be deemed to constitute termination of employment or service unless such notice specifies a later day on which employment or notice is to terminate.

4.5. Notwithstanding anything to the contrary herein above, an Option may be exercised after the date of termination of Optionee's Continuous Service during an additional period of time beyond the date of such termination, but (a) only with respect to the number of Options already vested at the time of such termination according to the Vesting Dates (the "**Qualified Options**"), and (b) in no event after the Expiration Date of such Option, if: (i) termination is for reason other than Cause, Disability or death, any Qualified Option still in force and unexpired may be exercised within a period of twelve (12) months from the date of such termination; (ii) termination is the result of Disability or death of the Optionee, in which event any Qualified Option still in force and unexpired may be exercised within a period of twelve (12) months from the date of termination; (iii) within a period of twelve (12) months from the date of termination as set forth in Section 6 below; (iv) within fourteen (14) days from the date of termination for Cause; or (v) if prior to the date of such termination, the Administrator has authorized an extension of the terms of all or part of the Options beyond the date of such termination, then for a period not to exceed the period during which the Options by their terms would otherwise have been exercisable.

4.6. With respect to Non-Trustee 102 Options, if the Optionee ceases to be employed by the Corporation, the Optionee shall extend to the Corporation a security or guarantee for the payment of tax due at the time of sale of Shares, all in accordance with the provisions of Section 102.

4.7. No fractional shares shall be issued upon the exercise hereof and any fractional shares, if any, shall be rounded to the lowest whole number.

5. **TERMINATION OF OPTION**

Except as otherwise stated in this Agreement, the Options, to the extent not previously exercised and paid for, shall terminate forthwith upon the earlier of: (i) the expiration date set forth in **Exhibit A** hereto; (ii) the expiration of 10 years from the Date of Grant, and (iii) the expiration of any extended period in any of the events set forth in Section 4.5 above (and any such earlier date shall be referred to as the "**Expiration Date**"), and the right to acquire the Shares underlying the Options shall terminate, all interests and rights of the Optionee in and to the same shall ipso facto expire, and, in the event that in connection therewith any Options are still held by the Trustee as aforesaid, the trust with respect thereto shall ipso facto expire.

6. **CORPORATE TRANSACTIONS AND CHANGE OF CONTROL**

Acceleration of the vesting periods of unexercised Options upon a Corporate Transaction or a Change in Control shall be governed under Section 11(b) of the Plan.

7. **RIGHTS PRIOR TO EXERCISE OF OPTION; LIMITATIONS AFTER PURCHASE OF SHARES**

7.1. Subject to the provisions of Section 7.2 below, the Optionee shall not have any of the rights or privileges of a stockholder of the Corporation in respect of any Shares purchasable upon the exercise of any Option unless and until, following exercise and discharge by the Optionee of all its obligations in connection therewith (including the payment of applicable aggregate Purchase Price for the Shares issued upon exercise of the Options and any applicable taxes), the Optionee is registered as holder of such Shares in the Corporation's register of stockholders and in case of Options and Shares held by the Trustee, subject always to the provisions of Section 20 of the Plan.

7.2. No Option granted hereunder, whether fully paid or not, may be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

7.3. Any such action made directly or indirectly, for an immediate validation or for a future one, shall be void.

7.4. As long as the Shares are held by the Trustee in favor of the Optionee, all rights the latter possesses over the Shares shall be personal, and may not be transferred, assigned, pledged or mortgaged, other than by will or laws of descent and distribution.

7.5. The Shares issued to the Optionee shall be subject to such restrictions as required by any applicable securities law or the Corporation (including any lock up undertaking).

7.6. Until registered in the name of the Optionee, Shares eligible for voting shall be voted by an irrevocable proxy a copy of which is attached hereto as **Exhibit B**. Those empowered under the Proxy shall be indemnified and held harmless by the Corporation against any cost or expense (including counsel fees) reasonably incurred by him/her, or any liability (including any sum paid in settlement of a claim with the approval of the Corporation) arising out of any act or omission to act in connection with the voting of such proxy unless arising out of such person's own fraud, bad faith or gross negligence, to the extent permitted by applicable law. Such indemnification shall be in addition to any rights of indemnification the person(s) may have as a director, officer or otherwise under the Corporation's Certificate of Incorporation, any agreement, any vote of stockholders or directors, insurance policy or otherwise.

7.7. The Optionee acknowledges that its right to sell Shares may be subject to some representations or undertakings on its part as well as other limitations, as set forth by the Corporation or, in the event the Corporation's shares are registered for trading in any public market, by the Corporation or its underwriters. In any such events, the Optionee will unconditionally agree to any such limitations as well as to make such representations, and perform such undertakings.

7.8. The Optionee shall not dispose of any Shares in transactions which violate, in the opinion of the Corporation, any applicable laws, rules and regulations.

7.9. The Optionee agrees that the Corporation shall have the authority to endorse upon the certificate or certificates representing the Shares such legends referring to any applicable representations and undertakings of the Optionee as well as other applicable limitations and restrictions as it may deem appropriate.

8. **SHARES SUBJECT TO PLEDGE**

Unless otherwise prohibited by law and notwithstanding anything to the contrary, if at the time at which any of the Options granted hereunder is exercised, Optionee is indebted to the Corporation (or any Related Entity) for any reason, then any Shares to be issued upon such exercise shall automatically be pledged against Optionee's outstanding indebtedness, as deemed appropriate by the Administrator.

9. **GOVERNMENT REGULATIONS**

The Plan, the grant and exercise of Options hereunder, and the obligation of the Corporation to sell and deliver Shares under such Options, shall be subject to all applicable laws, rules and regulations, whether of the State of Israel or of the United States or any other state having jurisdiction over the Corporation and the Optionee, including without limitation, the U.S. Securities Act of 1933 and the Israeli Securities Law and or any applicable securities law, and to such approvals by any governmental agencies or national securities exchanges as may be required.

10. **CONTINUOUS SERVICE**

This Agreement, and the grant of Options set forth herein, shall not confer upon the Optionee any right with respect to the Optionee's Continuous Service, nor shall it interfere in any way with his or her right or the right of the Corporation or any Related Entity to terminate the Optionee's Continuous Service at any time, with or without cause, including but not limited to, Cause, and with or without notice. The ability of the Company or any Related Entity to terminate the employment of the Optionee, who is employed at will, is in no way affected by its determination that the Grantee's Continuous Service has been terminated for Cause for the purposes of this Agreement and the grant of Options set forth herein.

11. **GOVERNING LAW & JURISDICTION**

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Israel applicable to contracts made and to be performed therein, without giving effect to the principles of conflict of laws. The competent courts of Tel-Aviv, Israel shall have sole jurisdiction in any matters pertaining to this Agreement and/or the Plan.

12. **TAX CONSEQUENCES**

12.1. To the extent permitted by applicable law, any tax consequences arising from the grant or exercise of any Option, from the payment for Shares covered thereby or from any other event or act hereunder (whether taken by the Corporation, a Related Entity, the respective affiliates, the Trustee or the Optionee), shall be borne solely by the Optionee. The Corporation, a Related Entity and/or the Trustee is authorized to withhold taxes according to the requirements under applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the Optionee hereby agrees to indemnify the Corporation, any Related Entity and/or the Trustee and hold them harmless against and from any and all liability for or in connection with any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Optionee.

12.2. The Optionee will not be entitled to receive from the Corporation, any Related Entity and/or the Trustee nor will the Trustee be required to release any Shares allocated or issued upon the exercise of Options prior to the full payment by the Optionee of the tax liabilities arising from the Options granted to him or her and/or the Shares issuable upon the exercise of such Options. Neither the Corporation nor the Trustee shall be required to release any share certificate to the Optionee until all payments required to be made by the Optionee, in the Trustee's opinion, have been fully satisfied.

12.3. The Corporation makes no representations or warranties regarding the tax treatment in connection with any aspect of the grant of any Option hereunder, including the exercise of the Option and the subsequent sale of Shares issued upon such exercise.

12.4. The receipt of the Options and the acquisition of the Shares to be issued upon the exercise of the Options may result in tax consequences. THE OPTIONEE IS ADVISED TO CONSULT A TAX ADVISER WITH RESPECT TO THE TAX CONSEQUENCES OF RECEIVING OR EXERCISING THE OPTIONS OR DISPOSING OF THE SHARES.

13. **DISCRETIONARY GRANT; NO WARRANTY AS TO FINANCIAL GAIN OR LOSS.**

13.1. The grant of Options under the Plan is made at the discretion of the Administrator. The grant of an Option at a certain time does not in any way entitle the Optionee to any future Option grant.

13.2. The Corporation makes no express or implied promise or warranty as to the financial gain to be achieved or loss to be incurred through participation in the Plan and grant of Options hereunder.

14. **FAILURE TO ENFORCE NOT A WAIVER**

The failure of any party to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

15. **PROVISIONS OF THE PLAN**

15.1. Without derogating from Section 15.3 below, the Options provided for herein are granted pursuant to the Plan, and said Options and this Agreement are in all respects governed by and subject to the terms and conditions of the Plan including all obligations on the Optionee, restrictions or limitations set forth therein with respect to the grant of Options or the Optionee's eligibility to exercise such Options or receive or sell Shares covered thereby (or any other issue in connection with the foregoing) whether or not such obligations, restrictions or limitations are stipulated herein.

15.2. Without derogating from Section 15.3 below, any interpretation of this Agreement will be made in accordance with the Plan and in the event there is any contradiction between the provisions of this Agreement and the Plan, the provisions of the Plan will prevail.

15.3. Notwithstanding anything to the contrary (including the provisions of Sections 15.1 and 15.2): (a) **Exhibit A** to this Agreement and Section 7 hereof will prevail over the terms of the Plan; and (b) any provisions of this Agreement imposing obligations on the Optionee, any restrictions or limitations with respect to the grant of Options hereunder or the Optionee's eligibility to exercise such Options or receive or sell Shares covered thereby (or any other issue in connection with the foregoing), beyond the obligations, restrictions or limitations in connection therewith set forth in the Plan, shall be of full force and effect, be deemed additional to, and not substitutive for, the obligations, restrictions and limitations in connection therewith set forth in the Plan and shall not be derogated thereby.

16. **BINDING EFFECT**

This Agreement shall be binding upon the heirs, executors, administrators, and successors of the parties hereof.

17. **NOTICES**

All notices or other communications given or made hereunder shall be in writing and shall be delivered or mailed by registered mail or delivered by facsimile with written confirmation of receipt, to the Optionee at his or her address included in the Corporation's records and/or to the Corporation at the address below, or at such other place as the Corporation may designate by written notice to the Optionee:

PROTALIX BIOTHERAPEUTICS, INC.
c/o Protalix Ltd.
2 Snunit St., Science Park P.O.
Box 455, Carmiel 2161401, Israel
Facsimile: 972-4-9889489
Attn: Chief Financial Officer

The Optionee is responsible for notifying the Corporation in writing of any change in the Optionee's address, and the Corporation shall be deemed to have complied with any obligation to provide the Optionee with notice by sending such notice to the address indicated above or such changed address as to which it has been notified as specified herein, as applicable.

18. **ENTIRE AGREEMENT**

This Agreement and the Plan exclusively conclude all the terms of the Optionee's Options, and annul and supersede any other agreement, arrangement or understanding, whether oral or in writing, relating to the grant of Options covered by this Agreement to the Optionee. Any change of any kind to this Agreement will be valid only if made in writing and signed by both the Optionee and the Corporation's authorized representative and has received the approval of the Administrator.

IN WITNESS WHEREOF, the Corporation executed this Agreement as of the date first set forth above.

PROTALIX BIOTHERAPEUTICS, INC.

By: _____
Name:
Title:

The Optionee acknowledges receipt of a copy of the Plan and the Prospectus and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Agreement and the Plan (and the Prospectus) including all of the terms and provisions thereof. The Optionee has reviewed the Plan, the Prospectus and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of the Agreement and the Plan (and the Prospectus). The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any question arising under the Plan or this Agreement. The Optionee further agrees to notify the Corporation upon any change in the residence address indicated above.

_____
Name

EXHIBIT A

Terms of the Options

Name of the Optionee:

Designation: **☒Trustee 102 Options (Capital Gains Options) / ☐Non-Trustee 102 Options**

Aggregate Number of Options Granted:

Date of Grant: _____ ___, ____

Purchase Price per Share:

Vesting Dates:

Expiration Date: _____ ___, ____

_____ _____

Name

EXHIBIT B

PROXY

The undersigned hereby grants an irrevocable proxy to the Trustee under the Amended and Restated Protalix BioTherapeutics, Inc., 2006 Stock Incentive Plan, as amended (the "**Plan**"), to vote all shares issued upon the exercise of Options by the undersigned at all meetings of the stockholders of Protalix BioTherapeutics, Inc. (the "**Corporation**"), and to sign all written resolutions of the stockholders of the Corporation on behalf of the undersigned, including the right to waive on behalf of the undersigned all minimum notice requirements for meetings of stockholders of the Corporation, and hereby authorize and grant a power of attorney to the Trustee as follows:

Unless otherwise defined herein, capitalized terms used herein shall have the meaning ascribed to them in the Plan. The undersigned hereby authorizes and grants power of attorney to the Trustee for as long as any Shares and/or Options which were allotted or granted on my behalf are held by the Trustee or registered in my name, or for as long as the certificates representing any shares are held by the Trustee, to exercise every right, power and authority with respect to the Shares and/or Options and to sign in my name and on my behalf any document (including any agreement, including a merger agreement of the Corporation or an agreement for the purchase or sale of assets or shares (including the shares of the Corporation held on my behalf) and any and all documentation accompanying any such agreements, such as, but not limited to, decisions, requests, instruments, receipts and the like), and any affidavit or approval with respect to the Shares and/or Options or to the rights which they represent in the Corporation in as much as the Trustee shall deem it necessary or desirable to do so. In addition and without derogating from the generality of the foregoing, I hereby authorize and grant power of attorney to the Trustee to sign any document as aforesaid and any affidavit or approval and/or to make and execute any undertaking in my name and on my behalf if the Trustee shall, at its sole discretion, deem that the document, affidavit or approval is necessary or desirable for purposes of any placement of securities of the Corporation, whether private or public (including lock-up arrangements and undertakings), whether in Israel or abroad, for purposes of a merger of the Corporation with another entity, whether the Corporation is the surviving entity or not, for purposes of any reorganization or recapitalization of the Corporation or for purposes of any purchase or sale of assets or shares of the Corporation.

This Proxy and Power of Attorney shall be interpreted in the widest possible sense, in reliance upon the Plan and upon the goals and intentions thereof.

This proxy shall remain in effect until the earlier of the consummation of a Corporate Transaction or Change in Control.

Name	**DATE**

PROTALIX BIOTHERAPEUTICS, INC.
AMENDED AND RESTATED 2006 STOCK INCENTIVE PLAN
(June 7, 2020)

1. Purposes of the Plan. The purposes of this Plan are to attract and retain the best available personnel, to provide additional incentives to Employees, Directors and Consultants and to promote the success of the Company's business.

2. Definitions. The following definitions shall apply as used herein and in the individual Award Agreements except as defined otherwise in an individual Award Agreement. In the event a term is separately defined in an individual Award Agreement, such definition shall supercede the definition contained in this Section 2.

(a) "3(I) Option" means Award granted under Section 3(I).

(b) "102 Option" means Award granted under Section 102.

(c) "Administrator" means the Board or any of the Committees appointed to administer the Plan.

(d) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act.

(e) "Applicable Laws" means the legal requirements relating to the Plan and the Awards under applicable provisions of federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock exchange or national market system, and the rules of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

(f) "Assumed" means that pursuant to a Corporate Transaction either (i) the Award is expressly affirmed by the Company or (ii) the contractual obligations represented by the Award are expressly assumed (and not simply by operation of law) by the successor entity or its Parent in connection with the Corporate Transaction with appropriate adjustments to the number and type of securities of the successor entity or its Parent subject to the Award and the exercise or purchase price thereof which at least preserves the compensation element of the Award existing at the time of the Corporate Transaction as determined in accordance with the instruments evidencing the agreement to assume the Award.

(g) "Award" means the grant of an Option, SAR, Dividend Equivalent Right, Restricted Stock, Restricted Stock Unit or other right or benefit under the Plan.

(h) "Award Agreement" means the written agreement evidencing the grant of an Award executed by the Company and the Grantee, including any amendments thereto.

(i) "Board" means the Board of Directors of the Company.

(j) "Cause" means, with respect to the termination by the Company or a Related Entity of the Grantee's Continuous Service, that such termination is for "Cause" as such term (or word of like import) is expressly defined in a then-effective written agreement between the Grantee and the Company or such Related Entity, or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator, the Grantee's: (i) performance of any act or failure to perform any act in bad faith which is materially detrimental to the Company or a Related Entity as reasonably determined in good faith by a unanimous decision of members of the Board entitled to vote thereon; (ii) dishonesty, intentional misconduct or material breach of any agreement with the Company or a Related Entity; (iii) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person; (iv) embezzlement of funds of the Company or a Related Entity; (v) ownership, direct or indirect (i.e., by means of a holding company or family member), of an interest in a person or entity (other than a minority interest in a publicly traded company) in competition with the products or services of the Company or a Related Entity, including those products or services contemplated in a plan adopted by the Board; (vi) any breach of the Grantee's fiduciary duties or duties of care to the Company or a Related Entity (except for conduct taken in good faith); (vii) any material failure to carry out a reasonable and legitimate directive of the Board; or (viii) any material breach of an Employee's undertakings of confidentiality and non competition.

(k) "Change in Control" means a change in ownership or control of the Company effected through either of the following transactions:

(i) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company or by a Company-sponsored employee benefit plan or by a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders which a majority of the Continuing Directors who are not Affiliates or Associates of the offeror do not recommend such stockholders accept, or

(ii) a change in the composition of the Board over a period of twelve (12) months or less such that a majority of the Board members (rounded up to the next whole number) ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who are Continuing Directors.

(l) "Code" means the Internal Revenue Code of 1986, as amended.

(m) "Committee" means any committee composed of members of the Board appointed by the Board to administer the Plan.

(n) "Common Stock" means the common stock of the Company.

(o) "Company" means Protalix BioTherapeutics, Inc., a Delaware corporation, or any successor entity that adopts the Plan in connection with a Corporate Transaction.

(p) "Consultant" means any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as a Director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(q) "Continuing Directors" means members of the Board who either (i) have been Board members continuously for a period of at least twelve (12) months or (ii) have been Board members for less than twelve (12) months and were elected or nominated for election as Board members by at least a majority of the Board members described in clause (i) who were still in office at the time such election or nomination was approved by the Board.

(r) "Continuous Service" means that the provision of services to the Company or a Related Entity in any capacity of Employee, Director or Consultant is not interrupted or terminated. In jurisdictions requiring notice in advance of an effective termination as an Employee, Director or Consultant, Continuous Service shall be deemed terminated upon the actual cessation of providing services to the Company or a Related Entity notwithstanding any required notice period that must be fulfilled before a termination as an Employee, Director or Consultant can be effective under Applicable Laws. A Grantee's Continuous Service shall be deemed to have terminated either upon an actual termination of Continuous Service or upon the entity for which the Grantee provides services ceasing to be a Related Entity. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entity, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director or Consultant (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave. For purposes of each Incentive Stock Option granted under the Plan, if such leave exceeds three (3) months, and reemployment upon expiration of such leave is not guaranteed by statute or contract, then the Incentive Stock Option shall be treated as a Non-Qualified Stock Option on the day three (3) months and one (1) day following the expiration of such three (3) month period.

(s) "Corporate Transaction" means any of the following transactions, provided, however, that the Administrator shall determine under parts (iv) and (v) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state in which the Company is incorporated;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(iii) the complete liquidation or dissolution of the Company;

(iv) any reverse merger or series of related transactions culminating in a reverse merger (including, but not limited to, a tender offer followed by a reverse merger) in which the Company is the surviving entity but (A) the shares of Common Stock outstanding immediately prior to such merger are converted or exchanged by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than forty percent (40%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger or the initial transaction culminating in such merger; or

(v) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Administrator determines shall not be a Corporate Transaction (provided however that the Administrator shall have no discretion in connection with a Corporate Transaction for the purchase of all or substantially all of the shares of the Company unless the principal purpose of such transaction is to change the state in which the Company is incorporated).

(t) "Covered Employee" means an Employee who is a "covered employee" under Section 162(m)(3) of the Code.

(u) "Director" means a member of the Board or the board of directors of any Related Entity.

(v) "Disability" means as defined under the long-term disability policy of the Company or the Related Entity to which the Grantee provides services regardless of whether the Grantee is covered by such policy. If the Company or the Related Entity to which the Grantee provides service does not have a long-term disability plan in place, "Disability" means that a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Administrator in its discretion.

(w) "Dividend Equivalent Right" means a right entitling the Grantee to compensation measured by dividends paid with respect to Common Stock.

(x) "Employee" means any person, including an Officer or Director, who is in the employ of the Company or any Related Entity, subject to the control and direction of the Company or any Related Entity as to both the work to be performed and the manner and method of performance. The payment of a director's fee by the Company or a Related Entity shall not be sufficient to constitute "employment" by the Company.

(y) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(z) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on one or more established stock exchanges or national market systems, including without limitation the American Stock Exchange, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Common Stock is listed (as determined by the Administrator) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such stock as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock of the type described in (i) and (ii), above, the Fair Market Value thereof shall be determined by the Administrator in good faith.

(aa) "Grantee" means an Employee, Director or Consultant who receives an Award under the Plan.

(bb) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(cc) "Israeli Employee" means Employees, office holders of the Company or a Related Company ("Nosei Misra" - as such term is defined in the Israeli Companies Law 1999) and Directors (excluding those who are considered a "Controlling Shareholder" pursuant to Section 32(9) of the Tax Ordinance or otherwise excluded by the Tax Ordinance).

(dd) "Israeli Grantee" means Grantees who are residents of the State of Israel or those who are deemed to be residents of the State of Israel for the payment of tax (whether such grantee is entitled to the tax benefits under Section 102 or not).

(ee) "ITA" means Israeli Tax Authorities.

(ff) "Non-Employee" means Consultants or any other person who is not an Israeli Employee.

(gg) "Non-Qualified Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(hh) "Non-Trustee 102 Option" shall mean a 102 Option granted pursuant to Section 102(c) of the Tax Ordinance and not held in trust by the Trustee.

(ii) "Officer" means a person who is an officer of the Company or a Related Entity within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(jj) "Option" means an option to purchase Shares pursuant to an Award Agreement granted under the Plan.

(kk) "Parent" means a "parent corporation", whether now or hereafter existing, as defined in Section 424(e) of the Code.

(ll) "Performance-Based Compensation" means compensation qualifying as "performance-based compensation" under Section 162(m) of the Code.

(mm) "Plan" means this Amended and Restated 2006 Stock Incentive Plan.

(nn) "Related Entity" means any Parent or Subsidiary of the Company. With respect to Israeli Grantees of 102 Options, the definition shall further include any entity permitted under Section 102 (a) of the Tax Ordinance.

(oo) "Replaced" means that pursuant to a Corporate Transaction the Award is replaced with a comparable stock award or a cash incentive program of the Company, the successor entity (if applicable) or Parent of either of them which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same (or a more favorable) vesting schedule applicable to such Award. The determination of Award comparability shall be made by the Administrator and its determination shall be final, binding and conclusive.

(pp) "Restricted Stock" means Shares issued under the Plan to the Grantee for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions as established by the Administrator.

(qq) "Restricted Stock Units" means an Award which may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Administrator and which may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as established by the Administrator.

(rr) "Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act or any successor thereto.

(ss) "SAR" means a stock appreciation right entitling the Grantee to Shares or cash compensation, as established by the Administrator, measured by appreciation in the value of Common Stock.

(tt) "Section 3(I)" means section 3(I) of the Tax Ordinance as may be amended from time to time.

(uu) "Section 102" means section 102 of the Tax Ordinance as may be amended from time to time.

(vv) "Share" means a share of the Common Stock.

(ww) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

(xx) "Tax Ordinance" means the Israeli Income Tax Ordinance [New Version], 1961 (including as amended pursuant to Amendment 132 thereto) and to the extent not specifically indicated hereunder also the rules, regulations and orders or procedures promulgated thereunder from time to time, as amended or replaced from time to time.

(yy) "Trustee" means any individual appointed by the Company to serve as trustee and approved by the ITA, in accordance with the provisions of Section 102(a) of the Tax Ordinance and the regulations promulgated thereunder.

(zz) "Trustee 102 Option" means a 102 Option granted pursuant to Section 102(b) of the Tax Ordinance and held in trust by the Trustee for the benefit of an Israeli Grantee.

3. Stock Subject to the Plan.

(a) Subject to the provisions of Section 10, below, the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Stock Options) under the Plan is 5,725,171 Shares. Notwithstanding the foregoing, any Shares issued from and after November 10, 2014 in connection with Awards other than Options and SARs shall be counted against the limit set forth herein as one and one-half (1.5) Shares for every one (1) Share issued in connection with such Award (and shall be counted as one and one-half (1.5) Shares for every one (1) Share returned or deemed not have been issued from the Plan pursuant to Section 3(b) below in connection with Awards other than Options and SARs). The Shares to be issued pursuant to Awards may be authorized, but unissued, or reacquired Common Stock.

(b) Any Shares covered by an Award (or portion of an Award) which is forfeited, canceled or expires (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Shares which may be issued under the Plan. Shares that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan, except that if unvested Shares are forfeited, or repurchased by the Company at the lower of their original purchase price or their Fair Market Value at the time of repurchase, such Shares shall become available for future grant under the Plan. Notwithstanding anything to the contrary contained herein: (i) Shares tendered or withheld in payment of an Option exercise price shall not be returned to the Plan and shall not become available for future issuance under the Plan; (ii) Shares withheld by the Company to satisfy any tax withholding obligation shall not be returned to the Plan and shall not become available for future issuance under the Plan; and (iii) all Shares covered by the portion of an SAR that is exercised (whether or not Shares are actually issued to the Grantee upon exercise of the SAR) shall be considered issued pursuant to the Plan.

4. Administration of the Plan.

(a) Plan Administrator.

(i) Administration with Respect to Directors and Officers. With respect to grants of Awards to Directors or Employees who are also Officers or Directors of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws and to permit such grants and related transactions under the Plan to be exempt from

Section 16(b) of the Exchange Act in accordance with Rule 16b-3. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(ii) Administration With Respect to Consultants and Other Employees. With respect to grants of Awards to Employees or Consultants who are neither Directors nor Officers of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. The Board may authorize one or more Officers to grant such Awards and may limit such authority as the Board determines from time to time.

(iii) Administration With Respect to Covered Employees. Notwithstanding the foregoing, grants of Awards to any Covered Employee intended to qualify as Performance-Based Compensation shall be made only by a Committee (or subcommittee of a Committee) which is comprised solely of two or more Directors eligible to serve on a committee making Awards qualifying as Performance-Based Compensation. In the case of such Awards granted to Covered Employees, references to the "Administrator" or to a "Committee" shall be deemed to be references to such Committee or subcommittee.

(iv) Administration With Respect to Israeli Grantees. With respect to grants of Awards to Israeli Grantees, the Plan shall be administered by (A) the Board or (B) a Committee or one or more Officers designated by the Board, which Committee or Officers shall be constituted or appointed in such a manner as to satisfy the ITA and the Applicable Laws applicable to Awards for Israeli Grantees. Once appointed, such Committee or Officer shall continue to serve in its/his/her designated capacity until otherwise directed by the Board.

(v) Administration Errors. In the event an Award is granted in a manner inconsistent with the provisions of this subsection (a), such Award shall be presumptively valid as of its grant date to the extent permitted by the Applicable Laws.

(b) Powers of the Administrator. Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board, the Administrator shall have the authority, in its discretion:

(i) to select the Employees, Directors and Consultants to whom Awards may be granted from time to time hereunder;

(ii) to determine whether and to what extent Awards are granted hereunder;

(iii) to determine the number of Shares or the amount of other consideration to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions of any Award granted hereunder;

(vi) to amend the terms of any outstanding Award granted under the Plan, provided that (A) any amendment that would adversely affect the Grantee's rights under an outstanding Award shall not be made without the Grantee's written consent, provided, however, that an amendment or modification that may cause an Incentive Stock Option to become a Non-Qualified Stock Option shall not be treated as adversely affecting the rights of the Grantee, (B) the reduction of the exercise price of any Option awarded under the Plan and the base appreciation amount of any SAR awarded under the Plan shall be subject to stockholder approval and (C) canceling an Option or SAR at a time when its exercise price or base appreciation amount (as applicable) exceeds the Fair Market Value of the underlying Shares, in exchange for another Option, SAR, Restricted Stock, or other Award or for cash shall be subject to stockholder approval, unless the cancellation and exchange occurs in connection with a Corporate Transaction. Notwithstanding the foregoing, canceling an Option or SAR in exchange for another Option, SAR, Restricted Stock, or other Award or for cash with an exercise price, purchase price or base appreciation amount (as applicable) that is equal to or greater than the exercise price or base appreciation amount (as applicable) of the original Option or SAR shall not be subject to stockholder approval;

(vii) to construe and interpret the terms of the Plan and Awards, including without limitation, any notice of award or Award Agreement, granted pursuant to the Plan;

(viii) to grant Awards to Employees, Directors and Consultants employed outside the United States on such terms and conditions different from those specified in the Plan as may, in the judgment of the Administrator, be necessary or desirable to further the purpose of the Plan; and

(ix) to designate Awards as 102 Options (whether through a trustee or not) or 3(I) Options subject to the limitations under the ITA or any other Applicable Law and to determine the type and route of the Trustee 102 Options.

(x) to take such other action, not inconsistent with the terms of the Plan, as the Administrator deems appropriate.

The express grant in the Plan of any specific power to the Administrator shall not be construed as limiting any power or authority of the Administrator; provided that the Administrator may not exercise any right or power reserved to the Board. Any decision made, or action taken, by the Administrator or in connection with the administration of this Plan shall be final, conclusive and binding on all persons having an interest in the Plan.

(c) Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or as Officers or Employees of the Company or a Related Entity, members of the Board and any Officers or Employees of the Company or a Related Entity to whom authority to act for the Board, the Administrator or the Company is delegated shall be defended and indemnified by the Company to the extent permitted by law on an after-tax basis against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any claim, investigation, action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any Award granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by the Company) or paid by them in satisfaction of a judgment in any such claim, investigation, action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such claim, investigation, action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct; provided, however, that within thirty (30) days after the institution of such claim, investigation, action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at the Company's expense to defend the same.

5. Eligibility. Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants. Incentive Stock Options may be granted only to Employees of the Company or a Parent or a Subsidiary of the Company. An Employee, Director or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards. Awards may be granted to such Employees, Directors or Consultants who are residing in non-U.S. jurisdictions as the Administrator may determine from time to time, provided however that Awards to Israeli Grantees under Section 102 or Section 3(I) of the Tax Ordinance shall be subject to Section 20 below.

The Company does not warrant that the Plan will be recognized by the income tax authorities in any jurisdiction or that future changes will not be made to the provisions of applicable laws or rules or regulations which are promulgated from time to time thereunder, or that any exemption or benefit currently available, whether by the ITA pursuant to Section 102 or otherwise, will not be abolished.

6. Terms and Conditions of Awards.

(a) Types of Awards. The Administrator is authorized under the Plan to award any type of arrangement to an Employee, Director or Consultant that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of (i) Shares, (ii) cash or (iii) an Option, a SAR, or similar right with a fixed or variable price related to the Fair Market Value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions. Such awards include, without limitation, Options, SARs, sales or bonuses of Restricted Stock, Restricted Stock Units or Dividend Equivalent Rights, and an Award may consist of one such security or benefit, or two (2) or more of them in any combination or alternative.

(b) Designation of Award. Each Award shall be designated in the Award Agreement. In the case of an Option, the Option shall be designated as either an Incentive Stock Option or a Non-Qualified Stock Option and with respect to Israeli Grantees may be further designated as 102 Options or 3(I) Options under the Tax Ordinance subject to the qualifications described in Section 20 below. However, notwithstanding such designation, an Option will qualify as an Incentive Stock Option under the Code only to the extent the $100,000 dollar limitation of Section 422(d) of the Code is not exceeded. The $100,000 limitation of Section 422(d) of the Code is calculated based on the aggregate Fair Market Value of the Shares subject to Options designated as Incentive Stock Options which become exercisable for

the first time by a Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company). For purposes of this calculation, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the grant date of the relevant Option. In the event that the Code or the regulations promulgated thereunder are amended after the date the Plan becomes effective to provide for a different limit on the Fair Market Value of Shares permitted to be subject to Incentive Stock Options, then such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

(c) Conditions of Award. Subject to the terms of the Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, payment contingencies, and satisfaction of any performance criteria. The performance criteria established by the Administrator may be based on any one of, or combination of, the following: (i) increase in share price, (ii) earnings per share, (iii) total stockholder return, (iv) operating margin, (v) gross margin, (vi) return on equity, (vii) return on assets, (viii) return on investment, (ix) operating income, (x) net operating income, (xi) pre-tax profit, (xii) cash flow, (xiii) revenue, (xiv) expenses, (xv) earnings before interest, taxes and depreciation, (xvi) economic value added and (xvii) market share. The performance criteria may be applicable to the Company, Related Entities and/or any individual business units of the Company or any Related Entity. Partial achievement of the specified criteria may result in a payment or vesting corresponding to the degree of achievement as specified in the Award Agreement. In addition, the performance criteria shall be calculated in accordance with generally accepted accounting principles, but excluding the effect (whether positive or negative) of any change in accounting standards and any extraordinary, unusual or nonrecurring item, as determined by the Administrator, occurring after the establishment of the performance criteria applicable to the Award intended to be performance-based compensation. Each such adjustment, if any, shall be made solely for the purpose of providing a consistent basis from period to period for the calculation of performance criteria in order to prevent the dilution or enlargement of the Grantee's rights with respect to an Award intended to be performance-based compensation.

(d) Acquisitions and Other Transactions. The Administrator may issue Awards under the Plan in settlement, assumption or substitution for, outstanding awards or obligations to grant future awards in connection with the Company or a Related Entity acquiring another entity, an interest in another entity or an additional interest in a Related Entity whether by merger, stock purchase, asset purchase or other form of transaction.

(e) Deferral of Award Payment. The Administrator may establish one or more programs under the Plan to permit selected Grantees the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Grantee to payment or receipt of Shares or other consideration under an Award. The Administrator may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, Shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Administrator deems advisable for the administration of any such deferral program.

(f) Separate Programs. The Administrator may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Grantees on such terms and conditions as determined by the Administrator from time to time.

(g) Individual Limitations on Awards.

(i) Individual Limit for Options and SARs. The maximum number of Shares with respect to which Options and SARs may be granted to any Grantee in any calendar year shall be 5,725,171 Shares. Shares which shall not count against the limit set forth in the previous sentence. The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 10, below. To the extent required by Section 162(m) of the Code or the regulations thereunder, in applying the foregoing limitations with respect to a Grantee, if any Option or SAR is canceled, the canceled Option or SAR shall continue to count against the maximum number of Shares with respect to which Options and SARs may be granted to the Grantee. For this purpose, the repricing of an Option (or in the case of a SAR, the base amount on which the stock appreciation is calculated is reduced to reflect a reduction in the Fair Market Value of the Common Stock) shall be treated as the cancellation of the existing Option or SAR and the grant of a new Option or SAR.

(ii) Individual Limit for Restricted Stock and Restricted Stock Units. For awards of Restricted Stock and Restricted Stock Units that are intended to be Performance-Based Compensation, the maximum

number of Shares with respect to which such Awards may be granted to any Grantee in any calendar year shall be 5,725,171 Shares. The foregoing limitation shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 10, below.

(iii) Deferral. If the vesting or receipt of Shares under an Award is deferred to a later date, any amount (whether denominated in Shares or cash) paid in addition to the original number of Shares subject to such Award will not be treated as an increase in the number of Shares subject to the Award if the additional amount is based either on a reasonable rate of interest or on one or more predetermined actual investments such that the amount payable by the Company at the later date will be based on the actual rate of return of a specific investment (including any decrease as well as any increase in the value of an investment).

(h) Early Exercise. The Award Agreement may, but need not, include a provision whereby the Grantee may elect at any time while an Employee, Director or Consultant to exercise any part or all of the Award prior to full vesting of the Award. Any unvested Shares received pursuant to such exercise may be subject to a repurchase right in favor of the Company or a Related Entity or to any other restriction the Administrator determines to be appropriate.

(i) Term of Award. The term of each Award shall be the term stated in the Award Agreement, provided, however, that the term of an Award shall be no more than ten (10) years from the date of grant thereof. However, in the case of an Incentive Stock Option granted to a Grantee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement.

(j) Transferability of Awards. Incentive Stock Options or Options to Israeli Grantees may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Grantee, only by the Grantee. Other Awards shall be transferable (i) by will and by the laws of descent and distribution and (ii) during the lifetime of the Grantee, to the extent and in the manner authorized by the Administrator but only to the extent such transfers are made to family members, to family trusts, to family controlled entities, to charitable organizations, and pursuant to domestic relations orders or agreements, in all cases without payment for such transfers to the Grantee. Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee's Award in the event of the Grantee's death on a beneficiary designation form provided by the Administrator.

(k) Time of Granting Awards. The date of grant of an Award shall for all purposes be the date on which the Administrator makes the determination to grant such Award, or such other date as is determined by the Administrator.

7. Award Exercise or Purchase Price, Consideration and Taxes.

(a) Exercise or Purchase Price. The exercise or purchase price, if any, for an Award shall be as follows:

(i) In the case of an Incentive Stock Option:

(A) granted to an Employee who, at the time of the grant of such Incentive Stock Option owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the per Share exercise price shall be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant; or

(B) granted to any Employee other than an Employee described in the preceding paragraph, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Non-Qualified Stock Option, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iii) In the case of Awards intended to qualify as Performance-Based Compensation, the exercise or purchase price, if any, shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iv) In the case of SARs (other than with respect to Israeli Grantees), the base appreciation amount shall not be less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(v) In the case of other Awards, such price as is determined by the Administrator.

(vi) Notwithstanding the foregoing provisions of this Section 7(a), in the case of an Award issued pursuant to Section 6(d), above, the exercise or purchase price for the Award shall be determined in accordance with the provisions of the relevant instrument evidencing the agreement to issue such Award.

(b) Consideration. Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the Administrator. In addition to any other types of consideration the Administrator may determine, the Administrator is authorized to accept as consideration for Shares issued under the Plan the following:

(i) cash;

(ii) check;

(iii) surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which said Award shall be exercised;

(iv) with respect to Options, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (A) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (B) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction; or

(v) with respect to Options, payment through a “net exercise” such that, without the payment of any funds, the Grantee may exercise the Option and receive the net number of Shares equal to (i) the number of Shares as to which the Option is being exercised, multiplied by (ii) a fraction, the numerator of which is the Fair Market Value per Share (on such date as is determined by the Administrator) less the Exercise Price per Share, and the denominator of which is such Fair Market Value per Share (the number of net Shares to be received shall be rounded down to the nearest whole number of Shares);

(vi) any combination of the foregoing methods of payment.

The Administrator may at any time or from time to time, by adoption of or by amendment to the standard forms of Award Agreement described in Section 4(b)(iv), or by other means, grant Awards which do not permit all of the foregoing forms of consideration to be used in payment for the Shares or which otherwise restrict one or more forms of consideration.

(c) Taxes. No Shares shall be delivered under the Plan to any Grantee or other person until such Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of any non-U.S., federal, state, or local income and employment tax withholding obligations, including, without limitation, obligations incident to the receipt of Shares. Upon exercise or vesting of an Award the Company shall withhold or collect from the Grantee an amount sufficient to satisfy such tax obligations, including, but not limited to, by surrender of the whole number of Shares covered by the Award sufficient to satisfy the minimum applicable tax withholding obligations incident to the exercise or vesting of an Award (reduced to the lowest whole number of Shares if such number of Shares withheld would result in withholding a fractional Share with any remaining tax withholding settled in cash).

8. Exercise of Award.

(a) Procedure for Exercise; Rights as a Stockholder.

(i) Any Award granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Plan and specified in the Award Agreement provided however that the standard vesting schedule for Israeli Grantees shall be as set forth in Section 20.

(ii) An Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares with respect to which the Award is exercised has been made, including, to the extent selected, use of the broker-dealer sale and remittance procedure to pay the purchase price as provided in Section 7(b).

(b) Exercise of Award Following Termination of Continuous Service. In the event of termination of a Grantee's Continuous Service for any reason other than Cause, Disability or death, such Grantee may, but only within twelve (12) months from the date of such termination (or such longer or shorter period as specified in the Award Agreement but in no event later than the expiration date of the term of such Award as set forth in the Award Agreement), exercise the portion of the Grantee's Award that was vested at the date of such termination or such other portion of the Grantee's Award as may be determined by the Administrator. To the extent that the Grantee's Award was unvested at the date of termination, or if Grantee does not exercise the vested portion of the Grantee's Award within the time specified herein, the Award shall terminate.

(c) Exercise of Award Following Termination of Continuous Service for Cause. In the event of termination of a Grantee's Continuous Service for Cause, such Grantee may, but only within fourteen (14) days from the date of such termination (or such longer or shorter period as specified in the Award Agreement but in no event later than the expiration date of the term of such Award as set forth in the Award Agreement), exercise the portion of the Grantee's Award that was vested at the date of such termination or such other portion of the Grantee's Award as may be determined by the Administrator. To the extent that the Grantee's Award was unvested at the date of termination, or if Grantee does not exercise the vested portion of the Grantee's Award within the time specified herein, the Award shall terminate.

(d) Disability of Grantee. In the event of termination of a Grantee's Continuous Service as a result of his or her Disability, such Grantee may, but only within twelve (12) months from the date of such termination (or such longer or shorter period as specified in the Award Agreement but in no event later than the expiration date of the term of such Award as set forth in the Award Agreement), exercise the portion of the Grantee's Award that was vested at the date of such termination or such other portion of the Grantee's Award as may be determined by the Administrator. To the extent that the Grantee's Award was unvested at the date of termination, or if Grantee does not exercise the vested portion of the Grantee's Award within the time specified herein, the Award shall terminate.

(e) Death of Grantee. In the event of a termination of the Grantee's Continuous Service as a result of his or her death, or in the event of the death of the Grantee during the post-termination exercise periods following the Grantee's termination of Continuous Service specified in this Section 8, above, the Grantee's estate or a person who acquired the right to exercise the Award by bequest or inheritance may exercise the portion of the Grantee's Award that was vested as of the date of termination or such other portion of the Grantee's Award as may be determined by the Administrator, within twelve (12) months from the date of death (or such longer or shorter period as specified in the Award Agreement but in no event later than the expiration of the term of such Award as set forth in the Award Agreement). To the extent that, at the time of death, the Grantee's Award was unvested, or if the Grantee's estate or a person who acquired the right to exercise the Award by bequest or inheritance does not exercise the vested portion of the Grantee's Award within the time specified herein, the Award shall terminate.

(f) The holder of an Option shall have none of the rights of a stockholder with respect to the Shares subject to the Option until such shares are transferred to the holder (or the Trustee, if applicable) upon the exercise of the Option.

9. Conditions Upon Issuance of Shares.

(a) If at any time the Administrator determines that the delivery of Shares pursuant to the exercise, vesting or any other provision of an Award is or may be unlawful under Applicable Laws, the vesting or right to exercise an Award or to otherwise receive Shares pursuant to the terms of an Award shall be suspended until the Administrator determines that such delivery is lawful and shall be further subject to the approval of counsel for the Company with respect to such compliance. The Company shall have no obligation to effect any registration or qualification of the Shares under federal or state laws or other Applicable Laws.

(b) As a condition to the exercise of an Award, the Company may require the person exercising such Award make such representations and warranties which, in the opinion of the Company, are required to ensure that such exercise, or a subsequent sale or disposition of any Shares obtained upon such exercise, does not contravene any Applicable Law, including inter alia, representations and warranties at the time of any such exercise that the Shares are

being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

(c) Unless otherwise set forth in an Award Agreement, Shares issued to a Grantee or the Trustee, as applicable, shall be subject to such restrictions as required by the appropriate securities' law and in the event that the Company's shares shall be registered for trading in any public market, Grantee's rights to sell the Shares may be subject to certain limitations (including a lock-up period), as will be requested by the Company or its underwriters, and the Grantee by executing an Award Agreement unconditionally agrees and accepts any such limitations and undertakes to further execute any agreement as may be requested by the Company or its underwriters from time to time.

10. Adjustments Upon Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan, the exercise or purchase price of each such outstanding Award, the maximum number of Shares with respect to which Awards may be granted to any Grantee in any calendar year, as well as any other terms that the Administrator determines require adjustment shall be proportionately adjusted for (i) any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Shares, or similar transaction affecting the Shares, (ii) any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company, or (iii) any other transaction with respect to Common Stock including a corporate merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete) or any similar transaction; provided, however that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." In the event of any distribution of cash or other assets to stockholders other than a normal cash dividend, the Administrator shall also make such adjustments as provided in this Section 10 or substitute, exchange or grant Awards to effect such adjustments (collectively "adjustments"). Any such adjustments to outstanding Awards will be effected in a manner that precludes the enlargement of rights and benefits under such Awards. In connection with the foregoing adjustments, the Administrator may, in its discretion, prohibit the exercise of Awards or other issuance of Shares, cash or other consideration pursuant to Awards during certain periods of time. Except as the Administrator determines, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to an Award.

11. Corporate Transactions and Changes in Control.

(a) Termination of Award to Extent Not Assumed in Corporate Transaction. Effective upon the consummation of a Corporate Transaction, all outstanding Awards under the Plan shall terminate. However, all such Awards shall not terminate to the extent they are Assumed in connection with the Corporate Transaction.

(b) Acceleration of Award Upon Corporate Transaction or Change in Control.

(i) Corporate Transaction. Except as provided otherwise in an individual Award Agreement, in the event of a Corporate Transaction and:

(A) for the portion of each Award that is Assumed or Replaced, then such Award (if Assumed), the replacement Award (if Replaced), or the cash incentive program (if Replaced) automatically shall become fully vested, exercisable and payable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the Shares (or other consideration) at the time represented by such Assumed or Replaced portion of the Award, immediately upon termination of the Grantee's Continuous Service if such Continuous Service is terminated by the successor company or the Company without Cause within twelve (12) months after the Corporate Transaction; and

(B) for the portion of each Award that is neither Assumed nor Replaced, such portion of the Award shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the Shares (or other consideration) at the time represented by such portion of the Award, immediately prior to the specified effective date of such Corporate Transaction, provided that the Grantee's Continuous Service has not terminated prior to such date.

(ii) Change in Control. Except as provided otherwise in an individual Award Agreement, following a Change in Control (other than a Change in Control which also is a Corporate Transaction) and upon the termination of the Continuous Service of a Grantee if such Continuous Service is terminated by the Company

or Related Entity without Cause within twelve (12) months after a Change in Control, each Award of such Grantee which is at the time outstanding under the Plan automatically shall become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value), immediately upon the termination of such Continuous Service.

(c) Effect of Acceleration on Incentive Stock Options. Any Incentive Stock Option accelerated under this Section 11 in connection with a Corporate Transaction or Change in Control shall remain exercisable as an Incentive Stock Option under the Code only to the extent the $100,000 dollar limitation of Section 422(d) of the Code is not exceeded.

12. Effective Date and Term of Plan. The Plan shall become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company. It shall continue in effect until December 31, 2028 unless sooner terminated. Subject to Section 17, below, and Applicable Laws, Awards may be granted under the Plan upon its becoming effective.

13. Amendment, Suspension or Termination of the Plan.

(a) The Board may at any time amend, suspend or terminate the Plan; provided, however, that no such amendment shall be made without the approval of the Company's stockholders to the extent such approval is required by Applicable Laws, or if such amendment would lessen the stockholder approval requirements of Section 4(b)(vi) or this Section 13(a).

(b) No Award may be granted during any suspension of the Plan or after termination of the Plan.

(c) No suspension or termination of the Plan (including termination of the Plan under Section 11, above) shall adversely affect any rights under Awards already granted to a Grantee.

14. Reservation of Shares.

(a) The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

15. No Effect on Terms of Employment/Consulting Relationship. The Plan shall not confer upon any Grantee any right with respect to the Grantee's Continuous Service, nor shall it interfere in any way with his or her right or the right of the Company or any Related Entity to terminate the Grantee's Continuous Service at any time, with or without cause, including but not limited to, Cause, and with or without notice. The ability of the Company or any Related Entity to terminate the employment of a Grantee who is employed at will is in no way affected by its determination that the Grantee's Continuous Service has been terminated for Cause for the purposes of this Plan.

16. No Effect on Retirement and Other Benefit Plans. Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation. The Plan is not a "Pension Plan" or "Welfare Plan" under the Employee Retirement Income Security Act of 1974, as amended.

17. Stockholder Approval. The grant of Incentive Stock Options under the Plan shall be subject to approval by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted excluding Incentive Stock Options issued in substitution for outstanding Incentive Stock Options pursuant to Section 424(a) of the Code. Such stockholder approval shall be obtained in the degree and manner required under Applicable Laws. The Administrator may grant Incentive Stock Options under the Plan prior to approval by the stockholders, but until such approval is obtained, no such Incentive Stock Option shall be exercisable. In the event that stockholder approval is not obtained within the twelve (12) month period provided above, all Incentive Stock Options previously granted under the Plan shall be exercisable as Non-Qualified Stock Options.

18. Unfunded Obligation. Grantees shall have the status of general unsecured creditors of the Company. Any amounts payable to Grantees pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974, as amended. Neither the Company nor any Related Entity shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Grantee account shall not create or constitute a trust or fiduciary relationship between the Administrator, the Company or any Related Entity and a Grantee, or otherwise create any vested or beneficial interest in any Grantee or the Grantee's creditors in any assets of the Company or a Related Entity. The Grantees shall have no claim against the Company or any Related Entity for any changes in the value of any assets that may be invested or reinvested by the Company with respect to the Plan.

19. Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

20. Israeli Grantees. This Section shall apply only to Israeli Grantees and is intended to enable the Company to grant Awards under the Plan pursuant and subject to Section 102 and Section 3(I) of the Tax Ordinance. Accordingly, the Plan is designated to comply with the Tax Ordinance and the rules, regulations and orders or procedures promulgated thereunder from time to time, as amended or replaced from time to time and shall be submitted to the ITA as required thereunder.

In any case of contradiction, whether explicit or implied, between the provisions of this Section and the Plan, the provisions set out in this Section shall prevail unless the Administrator decides otherwise to ensure compliance with the Tax Ordinance and other Applicable Laws.

(a) Eligibility. 102 Options may be granted only to Israeli Employees. Non-Employees may only be granted 3(I) Options. The grant of an Award hereunder shall neither entitle the Grantee to participate nor disqualify the Israeli Grantee from participating in, any other grant of Awards pursuant to the Plan or any other option or stock plan of the Company or any Related Company.

(b) Grant of Awards in Trust

(i) Grants Made Under Section 102.

The Company may designate 102 Options as Trustee 102 Options or Non-Trustee 102 Options. The designation of Non-Trustee 102 Options and Trustee 102 Options shall be subject to the terms and conditions set forth in Section 102 of the Tax Ordinance and the regulations promulgated thereunder.

(ii) Grant of Trustee 102 Options.

(1) The grant of the Trustee 102 Options shall be made under the Plan and shall be conditional upon the approval of the Plan by the ITA. Trustee 102 Options may be granted at any time after the passage of thirty (30) days following the delivery by the Company to the ITA of a notice pertaining to the appointment of the Trustee and the adoption of the Plan, unless otherwise determined by the ITA. Options which shall be granted pursuant to Section 102 and/or any Shares issued upon exercise of such Options and/or other shares received subsequently following any realization of rights, shall be issued to the Trustee. Each Israeli Grantee in respect of whom a Trustee 102 Option is granted and held in trust by the Trustee shall be referred to as a "beneficial optionee" hereunder.

(2) Trustee 102 Option(s) may either be classified as Capital Gain Option(s) or Ordinary Income Option(s):

(A) Trustee 102 Option(s) elected and designated by the Company to qualify under the capital gain tax treatment in accordance with the provisions of Section 102(b)(2) shall be referred to herein as "Capital Gain Option(s)" or "CGO".

(B) Trustee 102 Option(s) elected and designated by the Company to qualify under the ordinary income tax treatment in accordance with the provisions of Section 102(b)(1) shall be referred to herein as "Ordinary Income Option(s)" or "OIO".

(3) The Company's election of the type of Trustee 102 Options as CGO or OIO granted to Employees (the "Election") shall be appropriately filed with the ITA 30 days before the date of grant of a Trustee 102 Option, unless otherwise determined by the ITA. Such Election shall become effective beginning the first date of grant of a Trustee 102 Option under this Plan and shall remain in effect until the end of the year following the year during which the Company first granted Trustee 102 Options. The Election shall obligate the Company to grant only the type of Trustee 102 Option it has elected, and shall apply to all Israeli Grantees who were granted Trustee 102 Options during the period indicated herein or therein, all in accordance with the provisions of Section 102(g) of the Tax Ordinance. Notwithstanding, such Election shall not prevent the Company from granting Non-Trustee 102 Options simultaneously.

(4) All Trustee 102 Options must be held in trust by and issued on the name of the Trustee, as described below.

(5) With respect to Trustee 102 Options, the provisions of the Plan and/or an Award Agreement shall be subject to the provisions of Section 102 and the ITA's permit, and the said provisions and permit shall be deemed an integral part of this Section and of the Award Agreement for the respective Grantees thereof. Any provision of Section 102 and/or the said permit which is necessary in order to receive and/or to keep any tax benefit pursuant to Section 102, which is not expressly specified in the Plan or the Award Agreement, shall be considered binding upon the Company and the Israeli Grantee.

(iii) Issuance to Trustee.

(1) All Trustee 102 Options granted under the Plan and/or any Shares allocated or issued upon exercise of such Trustee 102 Options and/or other and all rights deriving from or in connection therewith, including, without limitation, in accordance with Section 10 above or any bonus shares or stock dividends issued in connection therewith shall be granted by the Company to the Trustee, and the Trustee shall hold each such Trustee 102 Option and the Shares issued upon exercise thereof in trust for such period of time as required by Section 102 or any regulations, rules or orders or procedures promulgated thereunder (the "Holding Period"), for the benefit of the Grantees in respect of whom such Trustee 102 Option was granted. All certificates representing Shares issued to the Trustee under the Plan shall be deposited with the Trustee, and shall be held by the Trustee until such time that such Shares are released from the Trust as herein provided.

(2) In event the requirements for Trustee 102 Options are not met for any reason whatsoever, then the Trustee 102 Options may be treated as Non-Trustee 102 Options, all in accordance with the provisions of Section 102 and regulations promulgated thereunder.

(3) With respect to any Trustee 102 Option, subject to the provisions of Section 102 and any rules or regulations or orders or procedures promulgated thereunder, an Israeli Grantee shall not be entitled to sell or release from Trust the Trustee 102 Option, the Shares received upon the exercise of such Option and/or any right deriving from or in connection therewith, including, without limitation, in accordance with Section 10 above or any bonus shares or stock dividends issued in connection therewith, until the later of: (i) the lapse of the Holding Period required under Section 102, and (ii) the vesting of such Options set forth in the respective Award Agreement (such later date being hereinafter referred to as the "Release Date"). Notwithstanding the foregoing, if such sale or release occurs during the Holding period, the provisions of Section 102 and the rules or regulations promulgated thereunder shall apply and any expenses and/or tax consequences therefrom shall be borne by the Israeli Grantee.

(4) Subject to the terms hereof, at any time after the Release Date with respect to any Trustee 102 Options or Shares the following shall apply:

(A) Trustee 102 Options granted, and/or Shares or rights issued to the Trustee shall continue to be held by the Trustee, on behalf of the beneficial optionee. From and after the Release Date, upon the written request of any beneficial optionee, the Trustee shall release from the Trust the Trustee 102 Options granted, and/or the Shares or rights issued, on behalf of such beneficial optionee, by executing and delivering to the Company such instrument(s) as the Company may require, giving due notice of such release to such beneficial optionee, provided, however, that the Trustee shall not so release any such Trustee 102 Options and/or Shares and/or rights to such beneficial optionee unless the latter, prior to, or concurrently with, such release, provides the Trustee with evidence, satisfactory in form and substance to the Trustee, that all taxes, if any, required to be paid upon such release have, in fact, been paid.

(B) Alternatively, from and after the Release Date, upon the written instructions of the beneficial optionee to sell any Shares and rights issued upon exercise of Trustee 102 Options, the Trustee shall use its best efforts to effect such sale and shall transfer such Shares to the purchaser thereof concurrently with the receipt, or after having made suitable arrangements to secure the payment, of the purchase price in such transactions. The Trustee shall withhold from such proceeds any and all taxes required to be paid in respect of such sale, shall remit the amount so withheld to the appropriate tax authorities and shall pay the balance thereof directly to the beneficial optionee, reporting to such beneficial optionee and to the Company the amount so withheld and paid to said authorities.

(C) Notwithstanding the foregoing, in the event the underwriters of securities of the Company impose restrictions on the transferability of the Shares during a lock-up period, the beneficial optionee shall not be entitled to release from Trust the Trustee 102 Options granted and/or the Shares issued and/or to instruct the Trustee to effect a sale of same, for as long as the restrictions are in effect. In the event the Trustee 102 Options granted and/or the Shares issued have been released from trust the restrictions imposed on the transferability of same shall nevertheless apply to said optionee's Trustee 102 Options and/or Shares in the same manner. Consequently, the Israeli Grantee shall sign any documents required in order to effect the restrictions, for as long as the restrictions are in effect.

(D) Upon receipt of the Award, the Israeli Grantee will sign an undertaking to release the Trustee from any liability in respect of any action or decision duly taken and bona fide executed in relation with the Plan, or any Option or Share or rights granted to same thereunder. The Trustee may establish additional terms and conditions in connection with Awards held in trust by the Trustee.

(iv) Grant of Non-Trustee 102 Options

(1) Awards granted pursuant to this subsection are intended to constitute Non-Trustee 102 Options and shall be subject to the general terms and conditions of the Plan and Section 20, except for provisions of the Plan applying to Trustee 102 Awards or Options under a different tax law or regulation.

(2) With respect to Non-Trustee 102 Options, if the Grantee ceases to be employed by or of service to the Company or a Related Company, the Grantee may be required to extend to the Company a security or guarantee for the payment of tax due at the time of sale of Shares or other rights, all in accordance with the provisions of Section 102 and the rules, regulation or orders promulgated thereunder.

(v) Grants Made Under Section 3(I). Awards granted pursuant to this subsection are intended to constitute 3(I) Options and shall be subject to the general terms and conditions of the Plan and Section 20 thereof, except for said provisions of the Plan applying to Awards under a different tax law or regulation. The Administrator may choose to deposit the Awards granted pursuant to Section 3(I) of the Tax Ordinance with a trustee. In such event, said trustee shall hold such Option in trust, until exercised by the Grantee, pursuant to the Company's instructions from time to time. If determined by the Administrator, the trustee shall be responsible for withholding any taxes to which a Grantee become liable upon the exercise of Options.

(c) Award Agreement. Without derogating from the powers of the Administrator under the Plan, the Administrator shall adopt the form of Award Agreement for Israeli Grantees in form acceptable by the ITA and in compliance with the Tax Ordinance. The Award Agreement shall further indicate the type of Options (102, 3(I), Trustee, Non-Trustee etc.) granted thereunder.

(d) Vesting. Without derogating from the terms of any Award Agreement or the discretionary authority of the Administrator, the standard vesting for Options to Israeli Grantees shall be as follows:

(i) Twenty five percent (25%) of the Options granted under each Award Agreement shall vest on the end of the first year of Continuous Service following the vesting commencement date determined by the Administrator and if not specified the date of the grant of an Option (the "First Anniversary"); and

(ii) The remaining 75% of the Options shall vest on a quarterly basis over a period of three years commencing as of the First Anniversary in twelve (12) equal portions subject to Continuous Service of the Grantee.

(e) With respect to all Shares (in contrast to unexercised Options) allocated or issued upon the exercise of Options by the Israeli Grantee, the Grantee shall be entitled to receive dividends in accordance with the

quantity of such Shares, subject however to any applicable taxation on distribution of dividends. Subject to the Tax Ordinance and any restrictions imposed by the Trustee or the ITA, during the period in which Shares are held by the Trustee on behalf of the Israeli Grantee, the cash dividends paid with respect thereto shall be paid directly to the Grantee after deduction of withholding tax applicable thereto.

(f) Without derogating from anything in the Plan, to the extent permitted by Applicable Laws, any tax consequences, attributable to the Israeli Grantee, arising from the grant or exercise of any Option, from the payment for Shares covered thereby or from any other event or act (of the Company, a Related Company, the Trustee or the Grantee), hereunder, shall be borne solely by the Grantee. The Company and/or or a Related Company and/or the Trustee shall withhold taxes according to the requirements under the Applicable Laws, rules, and regulations, including withholding taxes at source. Furthermore, to the extent permitted by Applicable Law, the Grantee shall agree to indemnify the Company and/or a Related Company and/or the Trustee and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Grantee. The Administrator and/or the Trustee shall not be required to release any Share certificate to a Grantee until all required payments have been fully made.

The Plan, to the extent applicable to Israeli Grantees, shall be governed by and construed and enforced in accordance with the laws of the State of Israel applicable to contracts made and to be performed therein, without giving effect to the principles of conflict of laws. The competent courts of Tel-Aviv, Israel shall have sole jurisdiction in any matters pertaining to Israeli Grantees.

EXHIBIT 31.1

CERTIFICATION

I, Dror Bashan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Protalix BioTherapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ Dror Bashan
Dror Bashan
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Eyal Rubin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Protalix BioTherapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ Eyal Rubin
Eyal Rubin
Sr. Vice President & Chief Financial Officer,
Treasurer

EXHIBIT 32.1

PROTALIX BIOTHERAPEUTICS, INC.

CERTIFICATION

In connection with the quarterly report of Protalix BioTherapeutics, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission (the "Report"), I, Dror Bashan, President and Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: August 10, 2020

/s/ Dror Bashan
Dror Bashan
President and Chief Executive Officer

EXHIBIT 32.2

PROTALIX BIOTHERAPEUTICS, INC.

CERTIFICATION

In connection with the quarterly report of Protalix BioTherapeutics, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission (the "Report"), I, Eyal Rubin, Senior Vice President and Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for the purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: August 10, 2020

/s/ Eyal Rubin
Eyal Rubin
Senior Vice President and Chief Financial Officer