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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2019

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

For the transition period from _____to_____

Commission File No. 001-37704

DARIOHEALTH CORP.

(Exact name of registrant as specified in its charter)

Delaware	**45-2973162**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
8 HaTokhen Street **Caesarea North Industrial Park, Israel** (Address of principal executive offices)	**3088900** (Zip Code)

972-4-770-4055
(Registrant's telephone number, including area code)

Securities Registered pursuant to Section 12(b) of the Act

Title of each class	Trading Symbol(s)	Name of each exchange on which registered:
Common Stock, par value $0.0001 per share	**DRIO**	**The Nasdaq Stock Market LLC**
Warrants to purchase Common Stock	**DRIOW**	**The Nasdaq Stock Market LLC**

Securities registered pursuant to Section 12(b) of the Exchange Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value $0.0001 per share; Warrants to purchase Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the closing price as of the last business day of the registrant's most recently completed second fiscal quarter is $19,929,614.

As of March 13, 2020, the registrant had outstanding 3,101,410 shares of common stock, $0.0001 par value per share.

Documents Incorporated By Reference: None.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, or the Annual Report, contains "forward-looking statements," which includes information relating to future events, future financial performance, financial projections, strategies, expectations, competitive environment and regulation. Words such as "may," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," and similar expressions, as well as statements in future tense, identify forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and may not be accurate indications of when such performance or results will be achieved. Forward-looking statements are based on information we have when those statements are made or management's good faith belief as of that time with respect to future events, and are subject to significant risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- our current and future capital requirements and our ability to satisfy our capital needs through financing transactions or otherwise;
- our launch and market penetration plans;
- our ability to manufacture, market and generate sales of our Dario Smart Diabetes Management Solution;
- our ability to commercialize DarioEngage services;
- our ability to develop, launch and commercialize Dario Intelligence;
- our ability to maintain our relationships with key partners;
- our ability to complete required clinical trials of our product and obtain clearance or approval from the United States Food and Drug Administration, or FDA, or other regulatory agencies in different jurisdictions;
- our ability to maintain or protect the validity of our U.S. and other patents and other intellectual property;
- our ability to retain key executive members;
- our ability to internally develop new inventions and intellectual property;
- interpretations of current laws and the passages of future laws; and
- acceptance of our business model by investors.

The foregoing does not represent an exhaustive list of matters that may be covered by the forward-looking statements contained herein or risk factors that we are faced with that may cause our actual results to differ from those anticipated in our forward-looking statements. Please see "Risk Factors" for additional risks that could adversely impact our business and financial performance.

Moreover, new risks regularly emerge and it is not possible for our management to predict or articulate all the risks we face, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ from those contained in any forward-looking statements. All forward-looking statements included in this Annual Report are based on information available to us on the date of this Annual Report. Except to the extent required by applicable laws or rules, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained above and throughout this Annual Report.

When used in this Annual Report, the terms "DarioHealth," "the Company," "we," "our," and "us" refer to DarioHealth Corp., a Delaware corporation and our subsidiary LabStyle Innovation Ltd., an Israeli company. "Dario" is registered as a trademark in the United States, Israel, China, Canada, Hong Kong, South Africa, Japan, Costa Rica, and Panama. "DarioHealth" is registered as a trademark in the United States and Israel.

All information in this Annual Report, relating to shares or price per share reflects the 1-for-20 reverse stock split effected by us on November 18, 2019.

PART I

Item 1. Business

Overview

We are a leading global Digital Therapeutics, or DTx, company revolutionizing the way people manage their health across the chronic condition spectrum to live a better and healthier life. By delivering personalized evidence-based interventions that are driven by data, high-quality software, easy-to-use medical devices and coaching, we empower individuals to make healthy adjustments to their daily lifestyle choices in a personalized way and improve their overall health. Our cross-functional team operates at the intersection of life sciences, behavioral science and software technology to deliver highly engaging therapeutic interventions. The Dario™ Blood Sugar Monitor is among the most downloaded healthcare apps, with 4.9/5.0 stars from 9,000+ reviews on the Apple App Store as of March 2020. We are rapidly moving into new chronic conditions such as hypertension, using a performance-based approach to improve the health of users managing chronic disease.

We attempt to drive behavioral change by creating highly personalized, closed-loop interactions that support our customers, who become members of our services, via connected FDA cleared monitoring devices, just-in-time health information and real-time coaching. This highly scalable infrastructure results in members with significant improvement in their health conditions at a modest price-point. The Dario solution is intended to stretch across various health conditions and ailments. We currently focus our efforts on diabetes and hypertension, and we plan to expand our focus into additional chronic conditions during 2020, including hypertension.

Our solution goes beyond being simply a device. We are a modular platform that allows for customized implementations by segment and within each segment. Core components of our solution include:

- *Dario Smart Tools* – member-facing devices and integrated smartphone application.
- *DarioEngage Platform* – population management tool that enables scalable engagement and clinical support by coaches and clinicians, remotely and in real-time.
- *Dario Journey Engine* – a software-based platform that enables cross-channel communication of highly personalized and deeply customized/configurable journeys for each user starting from member enrollment process and continuing through on-going engagement leading to successful maintenance of health gains.

We make our services available direct to consumers via online marketplaces including Amazon, Walmart, Best Buy and the Google and Apple app stores. In 2020, we plan to focus on expanding our offering to include providers, payers and employers. We believe that these represent significant growth opportunities for our business.

We have designed our DTx platform with a ‘user-first’ strategy, focusing on user’s needs first and foremost, along with user experience and satisfaction. User satisfaction drives all company processes, including our technology design. This approach, which disrupts the traditional approach among healthcare companies, has taken us to a place where MyDario™ is loved by customers in the diabetes arena. In order to obtain firsthand data and feedback from our users, we decided to launch our product directly to our customers, and initially commenced sales in the United States in March 2016. This user-focused approach led us into a continuous process of product upgrades and improvements in an agile, interactive way to achieve finetuned user satisfaction. Our success is reinforced by the fact that most of our users choose to purchase our solution out of pocket.

We have designed our DTx platform as an open platform that allows us to enable our partners to offer their customers a customized, evidence-based digital therapy solution, which takes advantage of the real-time connectivity of our platform with its users. We believe that our data-evidenced proof of the medical outcomes resulting from the use of our DTx platform represents an attractive return on investment model to healthcare providers in the United States and other geographic regions.

According to a Business Insider Intelligence report published in October 2019, DTx are a new class of treatments disrupting the entire healthcare value chain with their promise to tackle chronic diseases, and which, according to estimates by Business Insider, represents up to $3.3 trillion on chronic disease expenditure in 2018 in the United States alone. Digital therapeutics deliver evidence-based therapies for an array of chronic conditions via software, like mobile health (mHealth) apps and can either replace or complement existing drug treatments. According to a report released by the Rand Corporation, Sixty percent of the United States population suffers from at least one chronic condition, and these diseases come with a hefty price tag, as exemplified by the Business Insider report. DTx companies have shown early evidence of their treatments’ efficacy and ability to slash the costs associated with chronic disease care, which is fueling the global DTx market to become a $9 billion opportunity by 2025 according to the Business Insider Intelligence report.

Our principal operating subsidiary, LabStyle Innovation Ltd., is an Israeli company with its headquarters in Caesarea, Israel. We were formed on August 11, 2011, as a Delaware corporation with the name LabStyle Innovations Corp. On July 28, 2016, we changed our name to DarioHealth Corp.

Chronic Conditions Prevalence

According to the Partnership to Fight Chronic Disease, chronic diseases are the leading cause of death and disability in the United States. 133 million Americans – 45% of the population – have at least one chronic disease. Chronic diseases are responsible for seven out of every 10 deaths in the United States, killing more than 1.7 million Americans every year. Chronic diseases can be disabling and reduce a person's quality of life, especially if left undiagnosed or untreated. For example, every 30 seconds a lower limb is amputated as a consequence of diabetes. People with chronic conditions are the most frequent users of health care in the United States, as they account for 81% of hospital admissions, 91% of all prescriptions filled, and 76% of all physician visits. Chronic diseases also account for the vast majority of health spending. In the United States, total spending on public and private health care amounted to approximately $2 trillion during 2005 and, of that amount, more than 75% went towards the treatment of chronic disease. Such amount is the equivalent to $5,000 worth of spending per person on treatment of chronic diseases and more than double what the average American spends on gasoline in a year. In publicly funded health programs, spending on chronic disease represents an even greater proportion of total spending: more than 99% in Medicare and 83% in Medicaid.

The Partnership to Fight Chronic Disease, chronic diseases reports that U.S. employers and employees currently pay for the high costs of chronic disease through increases in health costs associated with greater demand for, and use of, health care services. Health care premiums for employer-sponsored family coverage have increased by 87% since 2000. Health care coverage costs for people with a chronic condition average $6,032 annually – five times higher than for those without such a condition. The total cost of obesity to U.S. companies is estimated at $13 billion annually. This includes the "extra" cost of health insurance ($8 billion), sick leave ($2.4 billion), life insurance ($1.8 billion), and disability insurance ($1 billion) associated with obesity. While today's situation is grave, the chronic disease crisis looms even larger tomorrow. By 2025, chronic diseases will affect an estimated 164 million Americans – nearly half (49%) of the population. According to a CDC report published in October 2019, obesity affects almost 1 in 5 children and 1 in 3 adults, putting people at risk for chronic diseases such as diabetes, heart disease, and some cancers. Over a quarter of all Americans, 17 to 24 years, are too heavy to join the military. Obesity costs the U.S. health care system $147 billion a year.

The latest publication by the Centers for Disease Control and Prevention (CDC) from October 2019 states that 90% of the annual care expenditures are for people with chronic and mental health conditions.

Nothing kills more Americans than heart disease and stroke. According to the CDC, more than 859,000 Americans die of heart disease or stroke every year—representing one-third of all deaths. These diseases take an economic toll and cost the U.S. health care system $199 billion per year and cause $131 billion in lost productivity on the job.

More than 30 million Americans have diabetes, and another 84 million adults in the United States have a condition called prediabetes, which puts them at risk for type 2 diabetes. Diabetes can cause heart disease, kidney failure, and blindness, and costs the U.S. health care system and employers $237 billion every year.

Diabetes

Diabetes is a disease where insufficient levels, or a total absence, of the hormone insulin, or if the individual has insulin resistance, produces high levels of glucose in the bloodstream, which can lead to long term adverse effects on a patient's blood vessels, which in turn can lead to heart attack, stroke, high blood pressure, blindness, kidney disease, and nerve damage. As part of controlling blood sugar, many patients must self-monitor their blood glucose levels using home testing kits (called glucose meters) and treat high and low blood sugar episodes accordingly to avoid complications from the disease. We believe that allowing patients to properly monitor the disease, provide actionable insights in real-time and create an online link to healthcare providers will ultimately improve patient outcomes and reduce healthcare costs - both critical advantages for the healthcare industry.

Importantly, one out of three American adults with prediabetes can reverse the condition if they take action, and the health of people with diabetes can be improved through measurement adherence and medication. Furthermore, studies have shown that a 1% reduction in the concentration of glycated hemoglobin (also known as HbA1c or A1c) in human blood goes beyond better diabetes control. That reduction may translate into a 15% to 20% decrease in heart attack and stroke risk and a 25% to 40% lower risk of diabetes-related eye or kidney disease. Better diabetes management may result in substantial savings in the costs related to diabetes and healthcare in general, through the avoidance of health complications and related expense savings. A 2013 NCBI study found that improved A1c levels are associated with healthcare savings.

Based on data we have extracted from our user database, using the Dario Smart Diabetes Management Solution leads to an improvement in the glucose level of the users and lowers their A1c levels over time. This data also indicated that higher engagement of users with the Dario Smart Diabetes Management Solution increased the level of A1c improvement. Specifically, we found A1c improvements during a period of 3 months, 6 months, and 9-months for people who began the study with A1c levels of more than 8%, 9%, and 10%. The key finding was that, on average, every segment of the users showed an improvement compared to their A1c level when they started to use the Dario Smart Diabetes Management Solution, while 75% of participants which started to use the Dario Smart Diabetes Management Solution with A1c levels higher than 9% were able to lower their A1cC levels during that period with as little as 3 glucose level measurements per day.

Although we are initially targeting only the large and growing Blood Glucose Monitoring System, or BGMS, market, we believe our invention has the potential to cover dozens of laboratory tests of bodily fluids (including blood, urine, and saliva) that could potentially be undertaken using a smart mobile device, including blood coagulation, cholesterol, HIV and others. Our goal is to develop additional interfaces for other chronic illnesses and health conditions, thereby empowering people around the globe to put themselves in control of managing their medical conditions while leveraging our platform. By doing so, we believe that we will be positioned to make a dramatic impact on the lives of millions of people that face daily lifestyle and medical challenges.

Our technology provides a body-fluid testing apparatus for performing metered measurement of samples utilizing: (i) a lancing device to obtain a test sample (blood in the case of the Dario Blood Glucose Monitoring System); and (ii) an adaptor specifically designed to connect a strip devised to absorb the sample, which then produces an electric signal indicating the level of the substance tested for in the sample. The adaptor is then connected to a smart mobile device, which allows the test signal to be transmitted to the smart mobile device, which will then utilize our software application to obtain and display the test result on the device. This is coupled with a set of software features available via a smart mobile device application as well as cloud-based services, in real-time. We are presently pursuing patent applications in multiple jurisdictions covering the specific processes related to blood glucose level measurement as well as more general methods of rapid tests of body fluids using mobile devices and cloud-based services. On August 5, 2014, we were issued a U.S. patent (No. 8,797,180) relating to how the Dario Blood Glucose Monitoring System draws power from and transmits data to a smartphone via the audio jack port, on September 8, 2015, we were issued a U.S. patent (No. 9,125,549) that broadens our registered patent No. 8,797,180 to include testing of other bodily fluids through an audio jack connection, and on November 11, 2017, we were issued a U.S. patent (No. 9,832,301) that enhances the way the Dario Blood Glucose Monitoring System communicates with users' smartphone devices. We believe these represent critical intellectual property recognition and a significant initial validation of our intellectual property efforts.

Hypertension

According to a 2014 publication of the American Heart Association, about 77.9 million adults have high blood pressure in the United States. A higher percentage of men than women have high blood pressure until age 45. From ages 45–54 and 55–64, the percentage of men and women is similar; after that, a much higher percentage of women than men have high blood pressure. About 69% of people who have a first heart attack, 77% who have a first stroke, and 74% who have congestive heart failure have blood pressure higher than 140/90 mm Hg. High blood pressure was listed as a primary or contributing cause of death in about 348,102 of the more than 2.4 million U.S. deaths in 2009.

Blood pressure categories

The five blood pressure ranges as recognized by the American Heart Association are:

- *Normal* - blood pressure numbers of less than 120/80 mm Hg are considered within the normal range.

- *Elevated blood pressure* - is when readings consistently range from 120-129 systolic and less than 80 mm Hg diastolic. People with elevated blood pressure are likely to develop high blood pressure unless steps are taken to control the condition.

- *Hypertension Stage 1* - is when blood pressure consistently ranges from 130-139 systolic or 80-89 mm Hg diastolic. At this stage of high blood pressure, doctors are likely to prescribe lifestyle changes and may consider adding blood pressure medication based on your risk of atherosclerotic cardiovascular disease (ASCVD), such as heart attack or stroke.

- *Hypertension Stage 2* - is when blood pressure consistently ranges at 140/90 mm Hg or higher. At this stage of high blood pressure, doctors are likely to prescribe a combination of blood pressure medications and lifestyle changes.

- *Hypertensive Crisis* - this stage of high blood pressure requires medical attention. If blood pressure readings suddenly exceed 180/120 mm Hg, it may evidence that a person is experiencing a hypertensive crisis.

According to the 2014 AHA publication, Hypertension is recognized as a tremendous threat to medical and financial health. National medical costs associated with hypertension account for about $131 billion, or over 3% of the national healthcare expenditure. While the incremental cost associated with hypertension for US adults has remained steady at around $2000 per year, it is promising that expenditures seem to be shifting from inpatient to outpatient settings. This may reflect the expansion of preventative care services for millions of Americans under the Affordable Care Act. As overall U.S. healthcare costs continue to rise, it is imperative to identify effective strategies to improve control of chronic diseases that are associated with high annual expenditures. For hypertension, these efforts may focus on expanded access to preventative care services and continued innovation for non-office based care delivery such as telemonitoring of home measurements and 24-hour ambulatory blood pressure monitoring.

Our Strategy

Our business strategy is to generate proven and repeatable clinical and financial outcomes across four market channels -- direct to consumer, providers, payers, and employers. We plan to do this by offering a highly clinically and cost-effective solution with proven engagement and outcomes. We have developed a flexible product that gives us the freedom to offer modular packages to the different needs across our channels.

Key elements of our business strategy include:

- Educating about the dramatic shift that is occurring in terms of efficacy and feasibility of providing remote care for individuals with chronic conditions.

- Demonstrating the potential for such care to generate revenue to providers and reduce expenses for payers and employers.

- Providing the elements of our Dario Solution in a modular offering with pricing models that go beyond Per Employee Per Month (PEPM) / Per Member Per Month (PMPM).

- Educating payers about billable remote monitoring codes and working with payers to expand the reach of those codes.

- Generating outcomes data and cost per unit of improvement to demonstrate the cost-effectiveness of our solution relative to other products.

- Maintaining best-in-class consumer satisfaction.

Key elements of our growth strategy include:

- Providing in-house enrollment marketing and recruitment to facilitate uptake.

- Increasing conditions covered by our platform.

- Maintaining a price point that enables shared revenue generation for providers.

- Keeping our data-driven development process which has resulted in high satisfaction rates, so we believe that we can repeat equally high satisfaction rates from corporate customers.

DarioHealth's Solutions

Our DTx products are centered around our users and include the Dario Blood Glucose Monitoring System, the Dario Smart Diabetes Management Solution (provided to our users in the form of a smartphone application that enables the delivery of valuable content and periodical evidence-based reports that are intended to be utilized by our users to better control and improve their diabetes), the DarioEngage platform (which provides support and two-way real-time connectivity between our users and their caregivers) and Dario Intelligence (which utilizes user data and is intended to be an analytics tool that can assist healthcare providers in the treatments and predictability of diseases).

Dario Smart Diabetes Management Solution

The Dario Blood Glucose Monitoring System, our flagship product, is an all-in-one smart glucose meter. It syncs with the Dario Smart Diabetes Management app to measure, record, and track blood glucose levels. In addition, the app records carbohydrate intake, insulin medication, and physical activity. In addition, in 2019 we expanded our platform to provide for the ability to sync a blood pressure meter that connects to our application via blue-tooth connection and allows recording blood pressure measurement in addition to glucose measurements.

The flagship brand of DarioHealth, the Dario Smart Diabetes Management Solution, was initially launched in the United Kingdom in the first quarter of 2015 and has since expanded to Canada, Australia, the United States, and Germany. We earn a majority of our revenues in the United States. We manufacture our products using subcontractors and distribute our proprietary device ourselves. We believe this control over the end to end production allows us to maintain high standards of quality control. To that end, we are the owner of several patents relating to our technology and processes.

We use our patented technology to enhance the way our Dario Blood Glucose Monitoring System communicates with users' smartphone devices. In the U.S. market, the Dario Blood Glucose Monitoring System connects to a smartphone via a sugar-cube dongle that does not require a battery for operation; rather, it relies on the smartphone's battery as its power source. In the effort to reduce battery-dependence and ensure 100% real-time data capture, the application is able to monitor and adjust power levels on smartphones accordingly to enable sufficient output with minimal reliance.

The benefits and features of our product include:

- **Form factor** - *Sleek, pocket-sized all-in-one smart glucose meter simplifies diabetes management, Blood pressure cuff is comfortable to use and easy to pair to the app.*
- **Record** - *Automatically records every blood glucose measurement without ever having to sync your meter.*
- **One app, multiple conditions** - *Our app integrates data from across devices to the same core experience allowing users and clinicians to see the border picture.*
- **Share** - *Easily share results with loved ones and your healthcare team takes diabetes management to a new level.*
- **Emergency Hypo Alerts** - *Built-in, emergency hypo alert feature with GPS location adds an extra safety measure.*
- **Track** - *Tracking activity and counting carbs are made easy with a scanner feature that syncs with a database of over 1 million verified items across more than 50 unique countries.*
- **Just in time learning** - *With less than 1 in 5 diabetes apps providing just-in-time education, Dario's personalized messaging driven by our Journey Engine stands out. Likewise, practical tips for getting to in-range blood pressure will also be planned to be integrated in the future.*

Available worldwide in the Apple App Store and Google Play Store, our user-friendly Dario Smart Diabetes Management mobile app is known for its accuracy and ease-of-use. The Dario Smart Diabetes Management Solution is accessible with affordable pricing models, including subscription plans. Our pricing is often in line with current co-payments, and sometimes it may even be less than current out of pocket costs. In addition, many of our customers in the United States get coverage through their flexible spending accounts or FSA. or health savings accounts, or HSA, or with our third-party healthcare integrations.

Our revenues are derived from sales of Dario's components, including the Dario Blood Glucose Monitoring System itself, and principally from the recurring sale of our disposable cartridges of test strips and other consumables. Our customers receive access to the Dario Smart Diabetes Management application, which incorporates tools to help people with diabetes manage their condition. Importantly, our revenue model is driven by the fact that only our test strips, purchased through our partners and us, can be utilized with the Dario Blood Glucose Monitoring System and software, so we expect that we will be the sole source for Dario Blood Glucose Monitoring System compatible test strips.

During the second half of 2018, we have begun to offer our U.S. users the opportunity to register for our membership programs by purchasing 3 month and 1-year membership plans. In addition to our products, these plans include an unlimited supply of test strips, subject to the user's active measurement of his glucose level, and a weekly digital progress report about the user's measurements, in order to help users to understand the progress made in their diabetes management. Our members are also provided with personalized diabetes programs – including lifestyle changes, healthy eating, and advanced tracking, and live coaching seminars. In addition, in 2019 we expanded our platform to provide for the ability to sync a blood pressure meter that connects to our application via blue-tooth connection and allows recording blood pressure measurement in addition to glucose measurements.

In addition, we anticipate generating revenues in the future from our second revenue pillar that we call the DarioEngage platform, our software platform for health coaches. We plan to offer this software platform to healthcare providers such as insurers, self-insured employers, diabetes clinics, certified diabetes educators and other third-party providers of coaching and remote-monitoring services for people with diabetes and hypertension, for a monthly service fee. Our third revenue pillar, which we are planning to introduce at a later stage, is the Dario Intelligence platform. The Dario Intelligence platform will take advantage of a large amount of data that will be collected through our servers through the use of our Dario Smart Diabetes Management Solution and the DarioEngage platform, in order to develop predictive models and artificial intelligence algorithms as detailed below.

We believe the following features of our Dario Smart Diabetes Management Solution and the manner in which we plan to market and distribute the product will help position Dario to gain users and drive revenue growth:

- *Look and Feel*. While utilizing the same state of the art electrochemical, blood-based measurement techniques as standard glucose monitors offer familiar usability, and the Dario Blood Glucose Monitoring System is easily integrated with the patient's own smart mobile device that offers a distinctive look and feel. Furthermore, unlike the market standards, the Dario Blood Glucose Monitoring System has an integrated lancing device and a disposable strip cartridge. This eliminates the need for a separate glucose monitor, lancing device and strip vial and, we believe, makes the Dario Blood Glucose Monitoring System among the smallest footprint in the market. Furthermore, Dario has novel applications incorporating software tools to help diabetic patients manage their disease.

- *Large Market of Potential Users*. Our reliance on diabetics within the massive smart mobile device market gives us an established potential user-base. According to a February 2019 published Mobile Fact Sheet by Pew Research Center, or PRC, 81% of Americans own a smartphone, up just 35% in PRC's first survey of smartphone ownership conducted in 2011. Between the ages of 18 to 34, 95% have a smartphone, and between the age of 34 to 49, 92% own a smartphone. We believe that it is reasonable to assume that the percentage of smart mobile device users with diabetes mirrors that of the general population.

- *Marketing and Distribution*. In the U.S. and Australia, we have our own direct to consumer marketing channel to support our sales efforts. In the U.S. we also plan to contract with partners to provide coaching services to employers and health care providers. In the United Kingdom and Canada, we use distribution partners to market and sell the Dario Blood Glucose Monitoring System. This approach enables a direct communication channel with the market and the diabetic community. This approach is also designed to effectively create brand awareness with a significantly reduced use of our capital resources versus the amounts required via the traditional, offline retail channels.

- *"Expanding the Pie."* Our goal is to obtain significant market share using technological innovations and by expanding into additional chronic conditions such as hypertension, pre-diabetes and obesity.

- *Competitive Cost of Goods Sold.* Based on our market research and discussions with our test strip manufacturer, we believe that our anticipated outsourced manufacturing cost of the test strips is similar to our estimate of our competitors' cost for existing single-use disposable strips. In addition, we believe the manufacturing costs of our Dario Blood Glucose Monitoring System are competitive with those of the leading glucose meters.

- *Opportunities for Commercialization Partnerships.* Healthcare and pharmaceutical company entrants into the DTx market are licensing and/or acquiring technologies, seeking differentiation, thereby providing us with opportunities for more rapid commercialization through partnerships. We believe that our connected platform can assist other companies in providing an effective data-evidenced and personalized solutions to their patients Therefore, we plan to explore the possibility of entering into commercialization agreements, including upfront payment, a supply agreement, and royalty payments, with strategic partners.

DarioEngage

DarioEngage represents our customer remote engagement and management software platform, which enables our team as well as external healthcare providers in all aspects of user engagement, including enrollment, coaching and ongoing communications with the end-users based on user consent. DarioEngage was developed in order to allow for a one-stop scalable management tool to improve the efficacy and outcomes of caregivers. We believe that DarioEngage will assist healthcare providers and payers by offering them an open platform, which allows customers to implement their own clinical and population health expertise in a digital, user-centric and efficient way. We believe this approach can address two key issues: improving the quality of health for individuals, which in turn will lower healthcare costs across the spectrum.

The DarioEngage platform empowers health providers offering diabetes services with:

· Monitoring - *100% data capture, access to users' real-time clinical and behavioral data.*

· Engagement - *Personalized coaching in response to users' habits and needs, response to user events, and enhanced communication and support.*

· Management - *Clinical program integration, automated processes, scheduling tools, and reporting.*

The DarioEngage platform provides caregivers with real-time access to data collected by a user such as glucose level, carb counting, physical activity, weight tracking, blood pressure, and other parameters. Such access allows caregivers to prioritize user intervention based on real-time data and alerts and allows for multi-channel digital interaction with the user (chat, in-app messages, email and text). DarioEngage is a cloud-based SaaS solution that also includes open APIs for platform integration.

We believe that the DarioEngage platform is a user-centric, data-driven health solution which allows people with diabetes to get the right care, at the right time, and allows for the effective monitoring, coaching, and management of their chronic conditions, such as type 1 and 2 diabetes, gestational diabetes, and prediabetes.

Dario Intelligence

The last pillar in our planned suite of product offerings is Dario Intelligence. We are planning to offer Dario Intelligence, which utilizes the large amount of data that will be collected on our servers through the use of our Dario Smart Diabetes Management Solution and the DarioEngage platform, to develop predictive models and artificial intelligence algorithms to meet the potential demand of intelligence-driven analytics that healthcare providers will be looking to improve their services.

We believe the future development of Dario Intelligence will present an opportunity in the chronic disease management field and will help us leverage our data capturing platform, to be used for big data analytics, research, EMRs (Electronic Medical Record) / EHRs (Electronic Health Records), and the development of real-time and predictive-based health management solutions.

- Data Collection - *Real-time data collections and aggregation*
- Analytics - *Dario big data analytics solution*
- Discovery - *Data discovery and analysis*
- Insights - *Predictive models and AI-driven insights*

Through Dario Intelligence, we believe we may be able to develop innovative artificial intelligence and machine learning approaches that will enable us to transform big data into individual and specific predictive models to meet the demands of both consumers and the health care providers. We believe that by coupling data and algorithmic development, Dario Intelligence may offer in the future the way to detect, predict and intervene most effectively for each individual using our platform.

Our Vision for Dario Intelligence

We intend to offer solutions built from a foundation of rich and robust data, ultimately transforming our revenue model from simple product volume to the product value. We believe that the current ineffective care of diabetes and other chronic conditions reflects a need for more intelligent and nuanced approaches relating to predictive behaviors and real-time care. We believe that financial incentives tied to patient outcomes have the potential to generate sizeable revenue growth for us and position us as a leader in transforming the management of diabetes. Achieving the strategic vision of Dario Intelligence requires multiple steps and evolutions in order to harness the power from the data generated by a connected community, and subsequently impact individual behavior.

Phase 1 – Collect & Analyze

As the Dario Smart Diabetes Management Solution user-base has grown, we have collected a significant amount of user data and information. Initial efforts in Phase 1 are centered around an understanding of our user-base. Compiling basic demographic data such as age, gender, country geography, etc., and establishing links to test strip usage and blood glucose control are critically important. Further, examining variation amongst population cohorts in both utilization and blood glucose outcomes is fundamental to future targeting and retention campaigns. We intend to generate analytical insights on individuals who achieve improvement in blood glucose levels in order to develop an in-depth understanding of those who maintain such an improvement over time, which we believe will form the backbone of interventional program development that we intend to generate with our potential partners.

Phase 2 – Expand Collection of Data Types, Experiment with Outreach Campaigns

As continued growth of users accelerates globally, concerted efforts will be undertaken at expanding the collection of highly relevant data types. In addition, we intend to expand data collection on user data points such as carbohydrate intake, exercise, and physical activity, medication and medication adherence, GPS location, time stamps, insurance coverage type/status. When more data elements are gathered, the intention is for Dario Intelligence to apply its artificial intelligence and machine learning capabilities to enhance understanding of individuals and detailed profiles that will be generated with comprehensive user information such as the type of advertising that was used to recruit patients or how frequently an individual interacts with the Dario Smart Diabetes Management app. The result is intended to be a cohort-specific predictive model that can be used to develop interventional programs on a wide basis.

Phase 3 – Monetize De-Identified Data, Learn, Expand Intervention Programs

We believe that pharmaceutical companies, device manufacturers, insurers, governments, researchers, advertisers, and start-up companies would be willing to pay for the de-identified data that we will obtain through our Dario Intelligence platform. As such, we believe there is an opportunity to develop a consistent revenue stream from this data.

In addition to data that reports on the activity and performance of the population as a whole, we believe that we will be able to provide access to a globally connected community of patients and consumers. We are planning to monetize access to specific patient cohorts, designing programs to improve utilization, engagement, and outcomes. These future programs will be adapted, modified, and enhanced based on continuous learning and additional data inputs from external third parties that we are planning to engage with in the future. Pay for performance models will be developed and experimented with, as we will implement next-generation artificial intelligence and machine learning programs designed to influence user's behavior.

Background on Diabetes

Diabetes is a chronic disease that arises when the pancreas does not produce enough (or ceases to produce) insulin, or when the body cannot effectively use the insulin it produces (insulin resistance). Insulin is a hormone made by the pancreas that enables cells to take in glucose from the blood and use it for energy. Failure to produce insulin, or insulin to act properly, or both, leads to raised glucose (sugar) levels in the blood (hyperglycemia), which can be detected with a blood test. Excess glucose in the blood has been shown to cause damage to blood vessels and is thus associated with long-term damage to the body and failure of various organs and tissues, including the retina and the kidneys. There are three main types of diabetes:

Type 1 diabetes, sometimes called insulin-dependent, or juvenile, diabetes, is caused by an auto-immune reaction where the body's defense system attacks the insulin-producing cells located in a person's pancreas. The reason why this occurs is not fully understood. People with Type 1 diabetes produce very little or no insulin. The disease can affect people of any age but usually occurs in children or young adults. People with this form of diabetes need injections or infusions of insulin several times a day in order to control the levels of glucose in their blood. The use of insulin may lead to excessively low levels of glucose in the blood, also known as hypoglycemia, leading to other health problems. Type 1 diabetes patients constitute approximately 10% of the overall number of patients, but are much more extensive users of BGMS, as these diabetics need to measure their glucose levels 4-10 times a day to avoid both hyperglycemia and hypoglycemia (versus once or twice a day for most Type 2 non-insulin dependent diabetic patients). The vast majority of Type 1 diabetes patients are insulin-dependent.

Type 2 diabetes is sometimes called adult-onset diabetes and accounts for at least 90% of all cases of diabetes. It is characterized by insulin resistance and relative insulin deficiency, either of which may be present at the time that diabetes becomes clinically manifest. The diagnosis of Type 2 diabetes usually occurs after the age of 40 but can occur earlier, especially in populations with high diabetes incidence. Type 2 diabetes can remain undetected for many years, and the diagnosis is often made from associated complications or incidentally through abnormal blood or urine glucose test. It is often, but not always, associated with obesity, which may contribute to insulin resistance and lead to elevated blood glucose levels. A portion of the Type 2 diabetes patients are insulin-dependent or use insulin as part of their treatment.

Gestational diabetes (GDM) is a form of diabetes consisting of high blood glucose levels during pregnancy. It develops in one in 25 pregnancies worldwide and is associated with complications in the time period immediately before and after birth. GDM usually disappears after pregnancy, but women with GDM and their offspring are at an increased risk of developing Type 2 diabetes later in life. Approximately half of women with a history of GDM go on to develop Type 2 diabetes within five to ten years after delivery.

The Diabetes and BGMS Markets and the Dario Smart Diabetes Management Solution

Diabetes is a growing epidemic for which no cure exists, but for which treatments (including a regimen of frequent blood glucose testing) are available. The medical journal Lancet has reported that the number of worldwide diabetics has doubled over the past thirty years. While about 70% of the increase has been attributed in the Lancet report to population growth and aging, the balance was linked to changing diets, rising obesity levels, and less physical activity.

According to the information published in 2017 by the International Diabetes Foundation (IDF), in its 8th edition of the "IDF Diabetes Atlas," approximately 425 million people worldwide were estimated to have diabetes in 2017 or one in eleven adults worldwide. The greatest numbers are between 40 and 59 years old. If these trends continue, by 2045, some 629 million people are forecasted by the IDF to have diabetes. According to the IDF Diabetes Atlas, in Europe, there were 58 million adults over the age of 20 with diabetes in 2017 and approximately 30.2 million adults over the age of 20 with diabetes in the U.S. in 2017. As of 2017, approximately 187 million adults with diabetes live in China and India, with approximately 12.4 million in Brazil and 8.5 million in Russia.

It is estimated that the costs of diabetes complications account for between 5% and 10% of total healthcare spending in the world. In the United States, the American Diabetes Association, or ADA, estimated that the total cost of diagnosed diabetes has risen from $174 billion in 2007 to $245 billion in 2012. Early diagnosis of warning signs and ongoing monitoring of diabetes are the keys to the prevention and treatment of the disease, with blood glucose monitoring being the primary method of diagnosis and disease management, coupled with matching blood glucose readings with food (i.e., carbohydrate) and insulin or another medication intake.

Since blood glucose self-monitoring is a key part of managing diabetes, the market for BGMS products required to service these many patients is also large. As reported in a press release published by Allied Market Research, the blood glucose self-monitoring market was estimated to be $7.76 billion in 2017 and is expected to grow to an estimated $10.82 billion by 2025. The biggest drivers for growth in the diabetes device market will be the increased prevalence and awareness of diabetes. The U.S. is the largest market, contributing close to 40% of the global market for these devices.

Key factors driving market growth include an increasing number of people with diabetes, growing patient awareness, technological advancements and the increasing number of patients adopting blood glucose self-monitoring. In addition, the affordable cost of blood glucose test strips, and an increase in daily monitoring, are also expected to contribute to market growth. As such, BGMS represents a large market that has grown significantly over the past 30 years and is expected to continue to grow.

We also believe we will be able to support patients with *pre-diabetes*, also called metabolic syndrome. Metabolic syndrome is a combination of medical disorders that increase the risk of developing cardiovascular disease and diabetes. According to the American Diabetes Association, in 2015, 84.1 million Americans age 18 and older had pre-diabetes. This population is typically prescribed with periodic lab-based glucose level testing (which requires a doctor visit, significantly reducing the compliance level) and typically does not involve the utilization of self-monitoring glucose devices.

It is important to note that the diabetic market is the first point of entry for the Dario Smart Diabetes Management Solution and we believe that our goal of providing mHealth health solutions for a variety of chronic and wellness related conditions based on mobile device testing will grant us access to a much larger market. The Dario Smart Diabetes Management Solution is targeted at the digital health market, which was estimated by Zion Market Research at around $122 billion globally in 2017 and is expected to reach $423 billion by 2024.

Industry Background and the Dario Smart Diabetes Management Solution Opportunity

From a competition perspective, four companies currently dominate the BGMS business, controlling a majority of the market: Roche Diagnostics (part of Hoffman-LaRoche), LifeScan (a Johnson & Johnson company), Ascensia (formerly Diabetes care), and Abbott Laboratories. These “big four” offer a wide variety of BGMS products and have led the market since the late 1990s. Numerous second-tier and third-tier competitors, including several in Asia, hold the remaining 10% of the market. We believe that the BGMS offerings by all vendors are comparable, with mild differentiation of the main feature sets of the devices. This is akin to the differentiation among personal computers (PCs) during the 1990s and 2000s, where most of them had the same key feature set of Microsoft Windows and Intel Processors.

We believe that the increasing global adoption of mobile phones has created an opportunity for disruption in the BGMS market. The Dario Smart Diabetes Management Solution, which features our compact all-in-one Dario Blood Glucose Monitoring System device coupled with iOS, Android and web-based apps, is intended to eliminate the need for separate glucose monitors, carb-calculators and cumbersome dependency on wired, computer-based logging tools. Our intention is for Dario not only to deliver the best blood glucose monitoring experience but also use the unique capabilities of mobile smart mobile devices to deliver better health outcomes.

With respect to the U.S. BGMS market, the principal barriers to entry (all of which we believe the features of the Dario Smart Diabetes Management Solution can overcome) can be summarized as follows:

- *Achieving significant product differentiation in the eyes of diabetes patients or insurance payers*. We believe that Dario offers a novel design that is compatible with the usability of the current devices yet offers a modern look and feel when compared to products in the marketplace. Marketing of the product directly to consumers will emphasize the product’s distinguishing attributes, without incurring the significant product introduction expenses typically incurred for the marketing of a standard glucose meter via traditional retail channels.

- *Costs*. We anticipate that low manufacturing costs for the dongle (the part of the Dario Blood Glucose Monitoring System that attaches to the phone jack or Lightning connector) and the similarity to our competitors' estimated cost of manufacturing the strips, when coupled with our direct-to-consumer marketing, creates the potential for providing us with a meaningful cost advantage versus most vendors of traditional glucose meters.

- *Difficulty obtaining shelf space at the pharmacy*. With many products on the market, a new entrant has to battle for visibility on the shelf or in e-commerce stores. The Dario Smart Diabetes Management Solution will limit this obstacle by emphasizing internet based direct-to-consumer marketing and sales.

- *The challenge of influencing diabetes specialists to recommend another BGMS product to patients*. We make efforts to introduce and present the Dario Smart Diabetes Management Solution to the medical community through our participation in academic and professional conferences. The Dario Smart Diabetes Management Solution will continue to be marketed directly to our target users ("Business to Consumer," or B2C), who we believe are increasingly becoming the primary decision-makers in choosing their glucose monitoring equipment. We have also started marketing our products in a "Business-to-Business," or B2B, business model, selling to large organizations that include distributors, retailers, pharmacies and hospitals.

We believe that Dario's specific features and trends in the marketplace create a significant opportunity to penetrate the market and effectively compete with and gain market share against the established players.

Utilization of Mobile Health Applications

Smart mobile device applications combine easy-to-use interfaces with continuous internet access to create transformational mobile health solutions (often called mHealth, eHealth or digital health). Although the potential benefits of mHealth solutions have been widely discussed for over a decade, the market is now starting to emerge from the trial phase. The need to reduce long waiting periods in order to access health care facilities from specialists is the primary driver responsible for the adoption of mHealth. We believe that Dario is designed to play directly into this market trend.

In addition, the Grand View Research report states that the availability of applications for consumers is continuing to grow rapidly, especially healthcare apps. These applications assist users in self-management of wellness, disease and chronic abnormalities. This has led to the patient playing an important and active role in staying informed and updated on their own healthcare decisions, contributing to the rise in the adoption of mHealth apps globally.

Healthcare is gradually transitioning towards a precision-based model, better known as a "personalized medicine" model. mHealth is becoming a widespread trend due to the introduction of technologies such as EMRs, remote monitoring, and other communication platforms. mHealth leverages the 4Ps of healthcare delivery: personalized, predictive, participatory, and preventive, to ensure delivery of optimal care to its users. In addition, the growing penetration of smartphones, especially in low- & middle-income countries and the growing focus on utilizing mobile technology to leverage healthcare delivery and ensure a population health plan is anticipated to benefit the market.

The Dario Smart Diabetes Management Solution includes the Dario Blood Glucose Monitoring System and software application for people with diabetes. Dario currently allows users to easily record, analyze, transmit and store key data points such as glucose level, insulin, and carbohydrate intake. Moreover, the Dario Smart Diabetes Management application provides knowledge and motivation with the aim of improving health outcomes. In addition, we are developing software for health care providers and payers to help better support patients and intelligently manage large patient populations.

Sales and Marketing

Our initial marketing efforts in the United States were focused on the early adopter users who have diabetes and who are paying out of pocket for their monitoring tools to manage their chronic condition, and we have concentrated our efforts in gaining market share and brand awareness through direct to consumer marketing efforts.

In 2018, we began to expand our marketing efforts to the insured population by offering our DarioEngage platform to a variety of healthcare providers who are supporting and coaching individuals with diabetes. We believe this will help us to diversify our revenues, from only selling our Dario Blood Glucose Monitoring System and its consumables to revenues generated from providing online real-time monitoring, supervising and coaching capabilities to all relevant healthcare providers who support individuals with diabetes and hypertension, and in the longer terms also other chronic conditions. As part of these efforts, during 2019 we announced our planned cooperation with Attain Health, Giant Eagle, BestBuy, and Better Living Now (BLN).

In the U.K., the Dario Blood Glucose Monitoring System is a fully reimbursed product distributed by a distributor since the second quarter of 2016. The Dario Blood Glucose Monitoring System is now available via all main pharmacies in the U.K. Our sales and marketing efforts have been focused on wholesalers, pharmacies, HCP's (Health Care Professionals), diabetes educators and hospitals via the distributor. This has created awareness and understanding of the value proposition we offer to people with diabetes. In addition, we will be focusing on increasing our presence in the U.K. market via our direct to consumer strategy, utilizing the countrywide availability of the strips in pharmacy and clinical awareness of the product via the healthcare providers.

In Canada, the Dario Blood Glucose Monitoring System is available through major pharmacy chains across Canada that includes brands like London Drugs. We also offer consumers the ability to buy direct via our online platform or to get their prescriptions serviced online via Bayshore. Similar to the U.K., in Canada, we work on both promoting and marketing Dario to the medical establishment via our distributor and expanding its awareness via our direct to consumer strategy which we have been ramping up.

On the marketing side, we primarily utilize online marketing in order to create awareness of Dario. Rather than solely rely on an online advertisement, we will also consider revenue sharing with affiliate networks and a variety of other pay-for-performance methods commonly used in online commerce.

We also expect to collaborate with the medical community to showcase what we expect will be the Dario Smart Diabetes Management Solution's clinical equivalence and usability superiority through DarioEngage and Dario Intelligence.

Manufacturing

As we do not directly manufacture our products ourselves, we have supply agreements with manufacturers for the Dario Blood Glucose Monitoring System, glucose test strips, lancing devices, and lancets. We have arrangements in place with commercial-scale manufacturers for both the Dario Blood Glucose Monitoring System and for our test strips. As a result of investments, we have made over the past several years, we own the specialized equipment used to manufacture Dario Blood Glucose Monitoring System.

During 2015, we commenced the manufacturing of our Dario Blood Glucose Monitoring System with a Chinese manufacturer as part of our efforts to further reduce manufacturing cost. At the beginning of 2016, we transitioned our manufacturing to a new Chinese manufacturer as part of our effort to increase our manufacturing capacity and improve cost savings.

Insurance Reimbursement

In the United States and in other jurisdictions such as England, we expect that Dario's test strips should generally be available for full or partial patient reimbursement by third-party payers. We expect to work with third-party payers in the countries into which we expect to market Dario in order to establish coverage for test strips, although we cannot be sure of coverage being obtained. In April 2014, we announced the receipt of reimbursement coverage for the use of the Dario Blood Glucose Monitoring System in Italy, making 600,000 Italians eligible for reimbursement coverage. In June 2014, we were granted (effective September 1, 2014) reimbursement status in England, Wales, Scotland and Northern Ireland for strips and lancets to be utilized together with the Dario Blood Glucose Monitoring System. In May 2015, we launched Dario in Canada and the majority of Canadian medical plans are now covering test strips for the Dario Blood Glucose Monitoring System with reimbursement. We expect the balance of Canadian insurance plans to provide reimbursement coverage in the near future. We are planning to pursue reimbursement coverage in other jurisdictions.

Clinical Studies and Outcomes

Our platform is planned to target different chronic conditions. Our initial focus has been on diabetes because that is a condition in which we believe there is the biggest opportunity to make a meaningful impact and improve healthcare outcomes and lower costs. It is also a condition that is associated with multiple different comorbidities, each of which represents a significant health and economic burden. The majority of our end-users are individuals with type 2 diabetes. Most people with type 2 diabetes are diagnosed after age 45 and have at least two co-existing chronic conditions. The most common chronic condition in people living with type 2 diabetes include hypertension (73.6%), overweight/obesity (87.5%), hyperlipidemia (75.2%), chronic kidney disease (36.5%), and cardiovascular disease (32.2%). Typically, the health of people with type 2 diabetes is managed by a primary care physician, although few may also be seen by an endocrinologist.

On average, people with type 2 diabetes see a physician more than five times per year. While there are a number of metrics that physicians use to track the health of these patients, the most common is hemoglobin A1c, or HbA1c, which measures the average 90-day glycemic (blood glucose) level in red blood cells. Clinical guidelines published by the ADA suggest that a reasonable HbA1c target for many non-pregnant adults is less than 7%, or 154 milligrams per deciliter. A higher HbA1c has been associated with increased health risk and associated costs. The ADA estimates that annual healthcare costs for a person with diabetes cost an average of $16,750 compared to $7,151 for a healthy individual. Research published by Oxford University in the United Kingdom suggests that a 1% reduction in HbA1c levels leads to a 21% reduction in death from diabetes, a 14% reduction in heart attacks and a 43% reduction in peripheral vascular disease. Monitoring HbA1c levels is typically done through routine blood work in a clinical laboratory with a physician order. Treatment can involve a range of therapies, the most common of which is lifestyle management such as nutrition, physical activity and medication. Physicians will also employ various strategies to manage diabetes-associated comorbidities.

We believe that patients using a digital diabetes management platform have the potential to promote behavioral modification and sustain adherence to diabetes management, demonstrating better glycemic control.

Our sophisticated customer-focused solutions provide significant, meaningful improvements in the measurable clinical outcomes of our members.

Clinical Studies

The system accuracy and user performance of our product has been evaluated in several studies that we have performed, in over 1,300 diabetic patients from 2015 through 2017, and was found compliant with the most stringent current requirements of FDA guidelines and international standards then in effect.

Clinical validation of our product was performed with 350 diabetic patients for each product type, namely the meter with the audio jack and the meter with the lightning connector, and the results that were achieved were as follows:

- Dario BGMS (Android): For all subject's samples 96.6% within ±15% and 100% within ±20% of the medical laboratory values at the entire glucose concentrations range

- Dario LC BGMS (iPhone, Lightning connector): For all subject’s samples 96.3% within ±15% and 99.4% within ±20% of the medical laboratory values at the entire glucose concentrations range.

Published Clinical Data

Since 2017, we have conducted numerous real-world-data studies through analyzing the clinical data of our user’s utilizing the rapidly increasing database that is stores on our data cloud.

Several scientific studies were published by us between 2017 and through 2019 in leading diabetes conferences such as the ADA, AADE and ATTD.

Main Highlights

In all of the below studies, we believe that the results show a trend of continued improvement, demonstrating a direct correlation between using the Dario Blood Glucose Monitoring System and app and improving clinical parameters. The combination of Dario's Blood Glucose Monitoring System and app may promote behavioral modification and enhanced adherence to diabetes management, demonstrating improvement in glycemic outcomes and sustainment for a long period of time.

Dario reported an Average Reduction in Estimated HbA1C of 1.4% for High-Risk type 2 Diabetes Users.

Dario presented at the 77th ADA session a study that was titled "Reducing A1C Levels in Individuals with High-Risk Diabetes Using the Mobile Glucose Meter Technology." In the study Dario reported an average reduction in estimated HbA1C of 1.4% for high-risk type 2 Diabetes users.

At the ADA 2018 session, Dario presented three real-world-data analysis studies, as detailed below.

Type 2 Diabetes Users of Dario Digital Diabetes Management System Experience a Shift from Greater than 180 mg/dL to Normal Glucose Levels with Sustainable Results

· *Reduction of 19.3% in high glucose readings within 12 months*

· *Increase of 11.3% in In-range readings within 12 months*

Method*: A retrospective data evaluation study was performed on the Dario™ cloud database. A population of all active Type 2 Diabetic (T2D) users that took measurements with Dario™ BGMS on average of 20 measurements per month during 2017. The study assessed the ratio of all high blood glucose readings (180-400 mg/dL) and the ratio of all normal blood glucose readings (80-120 mg/dL) in their first month of use to their last month of use during 2017 as recorded in the database.*

Results*: For 17,156 T2D users activated during 2017 the average ratio of high events (180-400 mg/dL) was reduced by 19.3% (from 28.4% to 22.9% of the entire measurements). While at the same time, the ratio of normal range readings (80-120 mg/dL) was increased by 11.3% (from 25.6% to 28.5% of the entire measurements). The most significant shift occurred after one month of usage (14% decrease) and maintained stability over the following months throughout the full year. |*

Updated Analysis *combining 2017 and 2018 data totals 38,838 Type 2 Diabetes active users and 3,318,014 measurements show 14.3% decrease in high readings (180-400 mg/dL) and 9.2 % increase in In-range (80-120 mg/dL) readings*

A decrease in High Readings and Severe Hyperglycemic Events for People with T2D over the Full Year of 2017 in Users Monitoring with Dario Digital Diabetes Management System

· *Reduction of 20% of High events (180-400 mg/dL) in T2D sustained within 12 months*

· *Reduction of 58% of Hyper events (>400mg/dL) in T2D within 12 months*

Method: *A retrospective data evaluation study was performed on the Dario™ cloud database. A population of active Type 2 Diabetic (T2D) users that continuously measured their blood glucose using Dario™ BGMS during the full year of 2017 was evaluated. The study assessed the ratio of high (180-400 mg/dL) and hyperglycemic (>400mg/dL) blood glucose readings during full year of 2017 as recorded in the database. The average of high and hyperglycemic glucose readings were calculated in periods of 30-60, 60-90, 90-120, 120-150, 150-180, 180-210, 210-240, 240-270, 270-300, 300-330, 330-360 days and compared to first 30 days as a starting point of analysis.*

Results: *For 225 T2D active users the ratio of high events (180-400 mg/dL) was reduced gradually in 19.6% (from 23.4% to 18.8% of the entire measurements) from baseline compared to the 12th month of the year. Moreover, the ratio of severe hyperglycemia events (>400 mg/dL) was decreased in 57.8% (from 0.90% to 0.38% of the entire measurements) at the same period.*

Continuous Reduction of Blood Glucose Average during One Year of Glucose Monitoring Using Dario Digital Monitoring System in a High-Risk Population

- *Reduction of 14% Blood Glucose average was observed in T2D within 12 months*

- *76% of the population showed 24% improvement in Blood glucose average within 12 months*

Methods*: An exploratory data analysis study reviewed a population of high risk active type 2 Diabetic users with initial 30 days glucose average above 180 mg/dL during a full calendar year. The study assessed the average blood glucose readings along a year of usage. The average of glucose readings was calculated per user in periods of 30 days intervals from 30-60 to 330-360 days and compared to the first 30 days as the starting point baseline of analysis.*

Results: *Overall of 238 highly engaged T2D users (more than one daily measurement in average) whose average blood glucose level was above 180mg/dL in the first 30 days of measurements (225±45 mg/dL) showed continuous reduction in glucose level average vs. baseline. Reduction in blood glucose average level was demonstrated gradually, in the succeeding 3, 6 and 12 months showing average decrease of 7%, 11% and 14% vs. baseline, respectively. Furthermore, 76% of the entire population (180 out of 238 users) improved their average blood glucose level over a year. Those 180 users (average blood glucose 228±46) showed an average decrease of 10%, 16% and 24% in their glucose average following 3, 6 and 12 months, respectively.*

At the American Association of Diabetes Educators (AADE) 2018 Dario presented a study titled "Decrease in Estimated A1C for people in High-risk over a full year of users monitoring with a digital Diabetes management system."

A reduction of 1.4% in estimated HbA1C in Type 2 Diabetes high risk users from baseline after one year of the Dario system use.

Method*: A retrospective data evaluation study was performed on the Dario^{TM} cloud database. A population of high-risk (with baseline A1C > 7.5 percent), active users that continuously measured their blood glucose using Dario^{TM} BGMS during a full year was evaluated. The study assessed estimated A1C values based on blood glucose readings during a full year as recorded in the database. The estimated A1C values were calculated in periods of 3, 6, 9 and 12 months and compared to first 30 days as a starting point of analysis.*

Results*: A group of 363 high-risk Dario BGMS users (A1C>7.5) with greater than two blood glucose measurements taken per day in the first 30 days and in the 12th month of the year was selected. Estimated A1C was improved by -0.7, -0.8 and -1 percent from baseline to 3, 6 and 9 months respectively, and remained -1 percent lower following 12 months of usage (8.65±0.96 vs.7.65±1.0). Moreover, subgroup analyses by diabetes type revealed substantial estimated A1C improvement among people with T2D showing improvement of -1 percent from baseline to 3, 6 months and 1.4 percent following 12 months (8.5 ± 0.91% vs. 7.14% ± 0.98%).*

An additional study evaluated on the potential improvement in glycemic variability in Type 2 diabetes over six months in patients monitoring with Dario Diabetes management system. Dario presented the study results at the Advance Technologies and Treatment for Diabetes (ATTD) conference in February 2019 in Berlin. We presented two additional studies outcomes at ADA 2019 conference.

Decrease in Glycemic Variability for T2D over Six Months in Patients Monitoring with Dario Digital Diabetes Management System

· *Reduction of 14%-18% in measurements variability was observed in T2D within 6 months*

· *Hypo events (<70 mg/dL) remained <1 event on average*

Method: *A retrospective data evaluation study was performed on the Dario™ database. A population of T2D high-risk patients (blood glucose measurements average (GM_{avg}) >180 mg/dL) measuring more than 20 times in the first 30 days (analysis baseline) was evaluated on days 60-90 (3 months) and 150-180 days (6 months). Standard deviation (SD) and GM_{avg} were calculated and compared to the baseline.*

Results: *A group of 698 T2D high-risk Dario™ users was selected. GV was reduced by 10% and 14% from baseline through 3 and 6 months, respectively (SD of 55.7, 58.4 vs.65.0). GM_{avg} was reduced by 8% and 12% from baseline through 3 and 6 months, respectively (201.1±25.57, 192.8±54.3 vs. 219.5±38.5) while patient's hypoglycemic event (<70mg/dL) was in average, less than one (<1) during this period. Subgroup analyses (355 patients) revealed substantial GV improvement among non-Insulin T2D patients. The GV was reduced by 14% and 18% from baseline through 3 and 6 months, respectively (SD of 52.8, 50.7 vs.61.7).*

T2D Users of Dario Digital Diabetes Management System Experience an Increase of in-range Glucose Levels Linked to App Engagement

Relative Increase of 10 % In-range linked to App engagement

Method*: A retrospective data evaluation study was performed on the Dario™ cloud database. A population of active Type 2 Diabetic (T2D) users (>15 measurements per month on average) was evaluated. The study assessed the ratio of in-range blood glucose readings (70-140 mg/dL) as a function of App engagement level for 6 months as recorded in the database compared to first 30 days as a starting point of analysis.*

Results*: A population of 4917 T2D non-insulin users measuring more than 15 times per month on average during 6 months in a row was evaluated. The ratio of in-range (70-140 mg/dL) readings was increased following 3 months in correlation to the level of tagging meal reference/carbs/physical activity occurrences (4.0%, 9.1% and 11.9% for tagging 0-1, 1-2 and >2 times per day on average, respectively) and sustained for 6 months (3.1%, 7.0% and 12.2%, respectively). In subgroup analysis focusing on users entering their meal reference, high correlation was observed following 3 months with an increase of in-range measurements in 4.6%, 8.4% and 12.0% for 0-1, 1-2 and >2 meal reference tagging per day on average, respectively, and maintained stability over 6 months period (3.2%, 7.4%, and 12.5%, respectively).*

Reduction of Blood Glucose Average Less than 140mg/dL in People with Type2 Diabetes Using Dario Digital Diabetes Management System

30-40% of T2D Dario users experienced Reduction of Blood Glucose Average below 140 mg/dL

Method: *A retrospective data evaluation study was performed on the Dario™ cloud database. A population of active T2D users that continuously measured for 6 months was evaluated. The study assessed their BG avg and estimated A1C (eA1C) values based on blood glucose readings as recorded in the database. Values were calculated in periods of 3 and 6 months and compared to their first 30 days as a starting point analysis.*

Results: *A group of 1248 Dario BGMS T2D active users (1.98 measurements per day on average during 6 months in a row) with BG avg >140mg/dL (eA1C>6.5) was evaluated.100% reduced their BG avg along 6 months on average.*

A group of 31% (387) achieved BG avg of <140 mg/dL (eA1C<6.5) following 3 months showing 19% reduction on average from baseline (132.38±13.36 vs.162.79±25.41 mg/dL and eA1C 6.24±0.46 vs 7.3±0.88) and sustained their glycemic control during a 6 months period (131.57±13.86 mg/dL and eA1C 6.21±0.48).

Subgroup analyses of 568 non-insulin users revealed that 40% (226) achieved a BG avg <140 mg/dL following 3 months (131.95±13.21 vs.161.67±24.18 mg/dL and eA1C 6.22±0.46 vs 7.26±0.84) and sustained for 6 months period (131.03±13.70 mg/dL and eA1C 6.19±0.47). Along the 6 months period, hypo events (<50mg/dL) per user per month on average remained stable.

In August 2019 another study was presented at the AADE 2019 in Atlanta. The study evaluated the "Impact of Digital Intervention on In-range Glucose Levels in Users with Diabetes." The study results showed 6% improvement in average blood glucose levels over 3 months intervention program for a group of 162 users. A 39% increase in the in-range measurements was observed in a subgroup of 101 patients who started with average blood glucose levels of over 140mg/dL.

In February 2020, we presented an additional clinical study at the Advanced Technologies & Treatments for Diabetes ("ATTD") conference in Madrid, Spain. The presented data shows the Dario digital therapeutics platform successfully assists insulin dependent patients with diabetes in reducing hypoglycemic events.

Decrease in Hypoglycemia Events Over Two Years in Patients Monitoring with Dario's Digital Diabetes Management System

Method: A retrospective data analysis was performed on the Dario real-world database. Insulin dependent of users with type 1 or type 2 diabetes population was evaluated for two year of continuous system use. Average numbers of level 1 hypoglycemia (<70mg/dL) and level 2 hypoglycemia (<54 mg/dL) events were calculated monthly and compared to baseline (first month).

Results: For 1481 type 1 and type 2 insulin dependent users, average of level 1 hypoglycemia events and level 2 were reduced by 24% and by 17% after 6 months and by 50% and 57% after 2 years vs. baseline respectively. Users with type 1 diabetes (N=363) reduced level 1 hypoglycemia events by 50% and Level 2 by 55% after 2 years. Moreover, a 40% reduction in high blood glucose readings was observed as well after 2 years.

Government Regulation

The principal markets that we have initially targeted for Dario are the United States, Canada, the European Union, Australia, and New Zealand. The following is an overview of the regulatory regimes in these jurisdictions.

United States Regulation Generally

In the United States, devices are subject to varying levels of regulatory control, the most comprehensive of which requires that a clinical evaluation is conducted before a device receives clearance for commercial distribution. Under Section 201(h) of the Food, Drug, and Cosmetic Act, a medical device is an article, which, among other things, is intended for use in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment or prevention of disease, in man or other animals. The Dario Blood Glucose Monitoring System is classified as a medical device and subject to regulation by numerous agencies and legislative bodies, including the FDA and its foreign counterparts. FDA regulations govern product design and development, pre-clinical and clinical testing, manufacturing, labeling, storage, pre-market clearance or approval, advertising and promotion, and sales and distribution. Specifically, the FDA classifies medical devices into one of three classes. Class I devices are relatively simple and can be manufactured and distributed with general controls. Class II devices are somewhat more complex and require greater scrutiny. Class III devices are new and frequently help sustain life.

Unless an exemption applies, each medical device commercially distributed in the United States will require a 510(k) clearance, 510(k)+ "de-novo" clearance, or pre-market approval (or PMA) from the FDA.

510(k) Clearance Process. After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, requires a new 510(k) clearance or could even require a premarket application approval. The FDA requires each manufacturer to make this determination in the first instance, but the FDA can review any such decision. If the FDA disagrees with the determination, the agency may retroactively require the manufacturer to seek 510(k) clearance or premarket application approval. The FDA also can require the manufacturer to cease marketing and/or recall the modified device until 510(k) clearance or premarket application approval is obtained.

De Novo Classification. If the FDA denies 510(k) clearance of a device because it is novel and an adequate predicate device does not exist, the "de novo classification" procedure can be invoked based upon a reasonable assurance that the device is safe and effective for its intended use. This procedure approximates the level of scrutiny in the 510(k) process but may add several months to the clearance process. If the FDA grants the request, the device is permitted to enter commercial distribution in the same manner as if 510(k) clearance had been granted.

Premarket Application Approval Process. After approval of a premarket application, a new premarket application or premarket application supplement is required in the event of a modification to the device, its labeling or its manufacturing process. The premarket application approval pathway is much more costly, lengthy and uncertain. It generally takes from one to three years or longer.

European and Non-European Regulation Generally

Sales of medical devices outside the United States are subject to foreign regulatory requirements that vary widely from country to country. These laws and regulations range from simple product registration requirements in some countries to complex clearance and production controls in others. As a result, the processes and time periods required to obtain foreign marketing clearance may be longer or shorter than those necessary to obtain FDA clearance.

The commercialization of medical devices in Europe is regulated by the European Union. The European Union presently requires that all medical products bore the CE mark, an international symbol of adherence to quality assurance standards and demonstrated clinical effectiveness. Compliance with the Medical Device Directive (MDD) or the Active Implantable Medical Device Directive (AIMD) or the In Vitro Diagnostic Medical Device Directive (IVDD) as audited by a notified body and certified by a recognized European Competent Authority, permits the manufacturer to affix the CE mark on its products.

In September 2013, we obtained ISO 13485 certification for our quality management system and CE Mark certification to market Dario, and in May 2015 Dario was cleared to fulfill the criteria according to EN ISO 15197:2013 The granting of the CE Mark allows Dario to be marketed and sold in 32 countries across Europe as well as in certain other countries worldwide. On November 21, 2014, MDSS, our European Authorized Representative, completed the registration of the Dario Blood Glucose Monitoring System with the German Authority as required by Article 10 of Directive 98/79/EC on in vitro diagnostic medical devices. We commenced an initial soft launch of the product in Europe in 2014, created initial demand for the product and established brand awareness and marketing techniques to reach our target market with a goal to continue expansion to new markets and territories.

We achieved regulatory clearance to market Dario in other countries that do not rely on the CE Mark. To date, the non-CE Mark jurisdictions which we have begun to market Dario include the United States, New Zealand, Canada, and Australia.

In January 2014, we completed the registration with Medsafe, the New Zealand Medicines and Medical Devices Safety Authority, through their WAND (Web-Assisted Notification of Devices) system allowing us to sell the Dario in New Zealand. We also have completed the process of registering the Dario with the Australian TGA, in the ARTG (Australian Register of Therapeutic Goods), which is required in order to bring and sell the Dario in Australia and effective March 3, 2015, our product is approved for reimbursement in Australia. In February 2015, we also gained National Pharmaceutical Product Interface (known as NAPPI) approval and registered the Dario in South Africa. In May 2015, we also received Health Canada approval to market the Dario blood glucose monitoring system and commenced marketing the product. We have also received reimbursement status from the majority of insurance plans in Canada.

To the extent that we seek to market our product in other non-CE Mark countries in the future, we will be required to comply with the applicable regulatory requirements in each such country. Such regulatory requirements vary by country and may be tedious. As a result, no assurance can be given that we will be able to satisfy the regulatory requirements to sell our products in any such country.

Clinical Studies

Even when a clinical study has an approved Investigational Device Exemption (IDE) from the FDA under significant risk (SR) determination, has been approved by an Institutional Review Board (IRB) under non-significant risk (NSR) determination and/or has been approved by local or regional Ethics Committee, the study is subject to factors beyond a manufacturer's control, including, but not limited to the fact that the institutional review board at a given clinical site might not approve the study, might decline to renew approval which is required annually, or might suspend or terminate the study before the study has been completed. There is no assurance that a clinical study at any given site will progress as anticipated; the interim results of a study may not be satisfactory leading the sponsor or others to terminate the study, there may be an insufficient number of patients who qualify for the study or who agree to participate in the study or the investigator at the site may have priorities other than the study. Also, there can be no assurance that the clinical study will provide sufficient evidence to assure regulatory authorities that the product is safe, effective and performs as intended as a prerequisite for granting market clearance. See "Clinical Trials" above for clinical trials performed to date.

Post-Clearance Matters

Even if the FDA or other non-US regulatory authorities approve or clear a device, they may limit its intended uses in such a way that manufacturing and distributing the device may not be commercially feasible. After clearance or approval to market is given, the FDA and foreign regulatory agencies, upon the occurrence of certain events, are authorized under various circumstances to withdraw the clearance or approval or require changes to a device, its manufacturing process or its labeling or additional proof that regulatory requirements have been met.

A manufacturer of a device approved through the premarket approval application process is not permitted to make changes to the device which affects its safety or effectiveness without first submitting a supplement application to its premarket approval application and obtaining FDA clearance for that supplement. In some instances, the FDA may require a clinical trial to support a supplement application. A manufacturer of a device cleared through a 510(k) submission or a 510(k)+ "de-novo" submission must submit another premarket notification if it intends to make a change or modification in the device that could significantly affect the safety or effectiveness of the device, such as a significant change or modification in design, material, chemical composition, energy source or manufacturing process. Any change in the intended uses of a premarket approval application device or a 510(k) device requires an approval supplement or cleared premarket notification. Exported devices are subject to the regulatory requirements of each country to which the device is exported, as well as certain FDA export requirements.

Mobile Medical Applications Guidance

On September 23, 2013, the FDA issued final guidance for developers of mobile medical applications, or apps, which are software programs that run on mobile communication devices and perform the same functions as traditional medical devices. The guidance outlines the FDA's tailored approach to mobile apps. The FDA plans to exercise enforcement discretion (meaning it will not enforce requirements under the Federal Food, Drug & Cosmetic Act) for the majority of mobile apps as they pose minimal risk to consumers. The FDA plans to focus its regulatory oversight on a subset of mobile medical apps that present a greater risk to patients if they do not work as intended. The FDA is focusing its oversight on mobile medical apps that:

- are intended to be used as an accessory to a regulated medical device – for example, an application that allows a health care professional to make a specific diagnosis by viewing a medical image from a picture archiving and communication system (PACS) on a smart mobile device or a mobile tablet; or

- transform a mobile platform into a regulated medical device – for example, an application that turns a smart mobile device into an electrocardiography (ECG) machine to detect abnormal heart rhythms or determine if a patient is experiencing a heart attack.

Ongoing Regulation by FDA

Even after a device receives clearance or approval and is placed on the market, numerous regulatory requirements apply. These include:

- establishment registration and device listing;
- quality system regulation, which requires manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation, and other quality assurance procedures during all phases of the product life-cycle;
- labeling regulations and FDA prohibitions against the promotion of products for uncleared, unapproved or "off-label" uses, and other requirements related to promotional activities;
- medical device reporting regulations, which require that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur;
- corrections and removals reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the Federal Food, Drug and Cosmetic Act that may present a risk to health; and
- post-market surveillance regulations, which apply when necessary to protect the public health or to provide additional safety and effectiveness data for the device.

Failure to comply with applicable regulatory requirements can result in enforcement action by the FDA, which may include any of the following sanctions: fines, injunctions, civil or criminal penalties, recall or seizure of our current or future products, operating restrictions, partial suspension or total shutdown of production, refusing our request for 510(k) clearance or PMA approval of new products, rescinding previously granted 510(k) clearances or withdrawing previously granted PMA approvals.

We may be subject to announced and unannounced inspections by the FDA, and these inspections may include the manufacturing facilities of our subcontractors. If, as a result of these inspections, the FDA determines that our or our subcontractor's equipment, facilities, laboratories or processes do not comply with applicable FDA regulations and conditions of product clearance, the FDA may seek civil, criminal or administrative sanctions and/or remedies against us, including the suspension of our manufacturing and selling operations.

Ongoing Regulation by International Regulators

International sales of medical devices are subject to foreign government regulations, which may vary substantially from country to country.

In order to maintain the right to affix the CE Mark to sell medical devices in the European Union, an annual surveillance audit in the company premises and, if needed, at major subcontractors' premises needs to be carried out by the notified body. Additionally, European Directives dictate the following requirements:

- Vigilance system, which requires the manufacturer to immediately notify the relevant Competent Authority when a company product has been involved in an incident that led to a death; led to a serious injury or serious deterioration in the state of health of a patient, user or another person; or might have led to death, serious injury or serious deterioration in health; and
- Post-market surveillance including a documented procedure to review experience gained from devices on the market and to implement any necessary corrective action, commensurate with nature and risks involved with the product.

Failure to comply with applicable regulatory requirements can result in enforcement action by the regulatory agency, which may include any of the following sanctions: fines, injunctions, civil or criminal penalties, recall or seizure of our current or future products, operating restrictions, partial suspension or total shutdown of production, refusing our request for renewing clearance and/or registration of our products or granting clearance/registration for new products.

State Licensure Requirements

Several states require that Durable Medical Equipment ("DME") providers be licensed in order to sell products to patients in that state. Certain of these states require that DME providers maintain an in-state location. If these rules are determined to be applicable to us and if we were found to be noncompliant, we could lose our licensure in that state, which could prohibit us from selling our current or future products to patients in that state.

Federal Anti-Kickback and Self-Referral Laws

The Federal Anti-Kickback Statute prohibits the knowing and willful offer, payment, solicitation or receipt of any form of remuneration in return for, or to induce the:

- referral of a person;
- furnishing or arranging for the furnishing of items or services reimbursable under Medicare, Medicaid or other governmental programs; or
- purchase, lease, or order of, or the arrangement or recommendation of the purchasing, leasing, or ordering of any item or service reimbursable under Medicare, Medicaid or other governmental programs.

To the extent we are required to comply with these regulations, it is possible that regulatory authorities could allege that we have not complied, which could subject us to sanction. Noncompliance with the federal anti-kickback legislation can result in exclusion from Medicare, Medicaid or other governmental programs, restrictions on our ability to operate in certain jurisdictions, as well as civil and criminal penalties, any of which could have an adverse effect on our business and results of operations.

Federal law also includes a provision commonly known as the "Stark Law," which prohibits a physician from referring Medicare or Medicaid patients to an entity providing "designated health services," including a company that furnishes durable medical equipment, in which the physician has an ownership or investment interest or with which the physician has entered into a compensation arrangement. Violation of the Stark Law could result in denial of payment, disgorgement of reimbursements received under a noncompliant arrangement, civil penalties, and exclusion from Medicare, Medicaid or other governmental programs.

Federal False Claims Act

The Federal False Claims Act provides, in part, that the federal government may bring a lawsuit against any person whom it believes has knowingly presented, or caused to be presented, a false or fraudulent request for payment from the federal government, or who has made a false statement or used a false record to get a claim approved. In addition, amendments in 1986 to the Federal False Claims Act have made it easier for private parties to bring "qui tam" whistleblower lawsuits against companies. Penalties include fines ranging from $5,500 to $11,000 for each false claim, plus three times the number of damages that the federal government sustained because of the act of that person.

Civil Monetary Penalties Law

The Federal Civil Monetary Penalties Law prohibits the offering or transferring of remuneration to a Medicare or Medicaid beneficiary that the person knows or should know likely to influence the beneficiary's selection of a particular supplier of Medicare or Medicaid payable items or services. Noncompliance can result in civil money penalties of up to $10,000 for each wrongful act, assessment of three times the amount claimed for each item or service and exclusion from the Federal healthcare programs.

State Fraud and Abuse Provisions

Many states have also adopted some form of anti-kickback and anti-referral laws and false claims acts. A determination of liability under such laws could result in fines and penalties and restrictions on our ability to operate in these jurisdictions.

Administrative Simplification of the Health Insurance Portability and Accountability Act of 1996

The Health Insurance Portability and Accountability Act of 1996, or HIPAA, mandated the adoption of standards for the exchange of electronic health information in an effort to encourage overall administrative simplification and enhance the effectiveness and efficiency of the healthcare industry. Ensuring the privacy and security of patient information is one of the key factors driving the legislation.

Intellectual Property

Patent applications

On May 8, 2011, certain of our founders filed a Patent Cooperation Treaty (PCT) Application No. PCT/IL2011/000369, titled "Fluids Testing Apparatus and Methods of Use." This PCT claimed priority from two preceding U.S. provisional applications filed by our founders, with the earliest priority date being May 9, 2010. The PCT application was transferred to us by our founders on October 27, 2011.

This application covers the novel blood glucose measurement device, comprising the glucose meter; and an adaptor that connects the glucose meter to a smart-phone to receive power supply and data display, storage, and analysis. A PCT search report and written opinion on patentability that we received from World Intellectual Property Organization (known as WIPO) that included only two "Y" citations and one additional non-relevant reference. Corresponding national applications of our PCT were filed in the U.S., Europe, Japan, China, Australia and Israel.

On May 1, 2014, we announced the receipt of a U.S. Notice of Allowance for a key patent relating to how the Dario Blood Glucose Monitoring System draws power from and transmits data to a smartphone via the audio jack port. This patent was issued as U.S. Patent No. 8,797,180 in August 2014, and in August2015, we received U.S. patent (No. 9,125,549) that broadened our registered patent No. 8,797,180 to include testing of other bodily fluids through an audio jack connection. We believe these early patents represent critical intellectual property recognition and a significant initial validation of our intellectual property efforts. Further, a corresponding European patent was granted to us in May 2016, as European patent No. 2569622 for testing of fluids through an audio jack connection. An additional corresponding patent was granted in Israel in April 2016. In February 2016 we were granted U.S. patent No. 9,257,038, which is a further Continuation application connected to the U.S. patent No. 8,797,180, this new patent enhanced the way the Dario Blood Glucose Monitoring System communicates with the end user's smartphone devices.

In November 11, 2017, U.S. patent No. 9,832,301 titled "Systems and methods for adjusting power levels on a monitoring device" was granted. This patent enhances the way the Dario Blood Glucose Monitoring System communicates with users' smartphone devices. This family includes a corresponding pending application in China.

Additionally, we recently received U.S. patent No. 10,445,072 that enables optical communication between the Dario Blood Glucose Monitoring System and the end user's smartphone devices.

Additional patent applications are in the process of being discussed and developed, and we believe that we have a rich potential pipeline of future technologies that we intend to develop.

For example, we are further seeking to develop and protect new intellectual property around future generations of our hardware and software with the goal of achieving enhanced functionality, user interface, data usability, cyber protection, and artificial intelligence enhancement.

Design patents and patent applications on the Dario Blood Glucose Monitoring System

To further protect our market distinction and branding for the Dario Blood Glucose Monitoring System, three U.S. Design Applications have been filed and granted covering the glucose meter, the cartridge, and connection dongle. At least some of these applications were granted and registered in the United States, as well as Brazil, Canada, China, Europe, and Hong Kong.

Trademark applications

We have also filed several families of trademark applications covering the "Dario" name (wordmark), the Dario name and logo (logo), the Dario logo alone (logo), the DARIO-LITE wordmark, the LABSTYLE INNOVATIONS wordmark, the DARIOHEALTH wordmark, and the DARIOHEALTH logo. In particular, the "Dario" wordmark is registered as a trademark in the Australia, Canada, China, Costa Rica, United States, Israel, China, Canada, Hong Kong, South Africa, Japan, Costa Rica, Europe, Israel, Japan, Korea, Mexico, New Zealand, Panama, Russia, South Africa, and the USA. The "DARIOHEALTH" wordmark is registered as a trademark in the United States, Canada, China and India.

Utility Models

We have been granted Utility Models for our core invention in Japan and Germany.

Other intangible assets

As the number of Dario users grows, an ever-growing amount of data is being collected from diabetic patients, including their blood sugar levels, meal compositions, routines, physical exercise (intensity and duration) as well as many other factors, and lately also blood pressure data, which are all useful for creating meaningful correlations between these factors and insulin use. We expect that this database will be highly valuable and may be capitalized in many ways. The accumulation of this type of know-how and related algorithms are protected as trade secrets using specialized confidentiality protocols.

Competition

We face competition in each segment of our offering (devices, applications, coaching and analytics) and more importantly from competitors integrating these four components.

Blood Glucose Monitors (BGM). Our device competes directly and primarily with other BGM suppliers including, but not limited to, the global market leaders: Abbott Laboratories, Ascensia (formerly Bayer Diabetes Care), Johnson & Johnson LifeScan, Roche Diabetes and a large number of low-price private label manufacturers. An increasing number of these BGM devices connect to smartphones and tablets, such as, but not limited to, the Sanofi iBGStar, Medisana GlucoDock, Philosys Gmate Smart, One Drop, Intuity POGO and iHealth Align, or have standalone connected devices like Livongo.

Continuous blood Glucose Monitors (CGM). Continuous blood glucose monitors have made significant market progression in the last few years, such as but not limited to, Dexcom, Medtronic or Agamatrix. More insulin-using patients are using CGM devices on a continuing basis rather than an intermittent basis (such as every other month). "Intermittent CGM" such as Abbott Libre (that requires the user to voluntarily scan the sensor with the meter) are also gaining popularity as an intermediate option between BGM and CGM, both appealing to non-insulin users and insulin users.

While the market of BGM and CGM is highly competitive, we believe that we have important comparative advantages.

- We offer an all-in-one glucose monitoring system, including a small form factor glucose reader, lancing device and a strip cartridge connected to existing smart mobile devices

- We are targeting non-insulin using patients and therefore do not compete with CGM. A large percentage of insulin-using patients continue to prefer testing with a BGM rather than a CGM

- Most importantly, in our opinion, is the fact that our integrated solution separates us from BGM and CGM competitors, and especially (i) the functions that go beyond blood glucose management such as, but not limited to, nutrition management and activity management (ii) the remote monitoring capabilities that our platform provides, the real time alerts to caregivers, remote-coaching capabilities to us and to third party caregivers and educating capabilities of our users.

Diabetes management applications. There are thousands of diabetes management applications available for download on a smart phone (such as Glucose Buddy, mySugr (now part of Roche Diabetes), Carb Manager, Sugar Sense and Welldoc). We believe that the large majority of existing diabetes management applications do not offer a good value which translates into users quickly stopping to use these applications.

We believe that our application is differentiated from our competitors by the high level of user engagement which comes from a unique know-how in terms of user interface (UI), user experience (UX), design of user journeys, agile development technics that allow for frequent update of the application, as well as the intrinsic nature of our integrated solution.

Coaching services. Pure coaching services such as Cecilia Health, or services delivered by medical distributors or healthcare providers are often relatively expensive and mostly offered on a limited time basis (e.g. one month after the discharge of a patient, or three months for onboarding of a new diabetes drug). We believe that our coaching services is differentiated as compared to our competitors in that our coaching services are an essential part of our solution and is maintained throughout a patient's use of our application.

Digital health integrated competitors. Several digital health competitors integrate several, or all of, the four components of our offering, including but not limited to: Livongo, Glooko, Omada, OneDrop. In practice, we believe that the closest competitor in terms of an integrated offering may be Livongo.

Our differentiation versus such integrated competitors includes

- Proven and significant results, placing us in the category of "Digital Therapeutics" (DTx);
- Open platform (capable of integrating non-proprietary devices and coaching services);
- Operating in the U.S., Canada, Europe and Australia;
- Small form factor glucose reader whereas most devices from competitors have the size of another cell phone that the user needs to carry around;
- Instant connection of the reader with the phone, thus maximizing opportunities to engage with the user; and
- Flexibility of our product to integrate with the workflows of our business partners (e.g. messages integrated with the health communications generated by a retailer, interventions using the coaches operating from a diabetes clinic).

Employees

We currently have 62 full-time employees and 10 part-time employees. We have employment agreements with our three executive officers. See "Management – Employment Agreements."

Item 1A. Risk Factors

Investing in our securities is highly speculative and involves a high degree of risk. You should carefully consider the following factors and other information in this Annual Report and our other SEC filings before making a decision to invest in our securities. Additional risks and uncertainties that we are unaware of may become important factors that affect us. If any of the following events occur, our business, financial conditions and operating results may be materially and adversely affected. In that event, the trading price of our common stock and warrants may decline, and you could lose all or part of your investment.

Risks Related to Our Financial Position and Capital Requirements

We were formed in August 2011 and are thus subject to the risks associated with new businesses.

We were formed in August 2011 as a new business and, commencing from 2015, we entered the commercialization stage of our technology. As such, this limited operating history may not be adequate to enable you to fully assess our ability to develop and commercialize the Dario Smart Diabetes Management Solution, achieve market acceptance of the Dario Smart Diabetes Management Solution, develop other products and respond to competition. We commenced a commercial launch of the free Dario Smart Diabetes Management application in the United Kingdom in late 2013 and commenced an initial soft launch of the full Dario Smart Diabetes Management Solution (including the app and the Dario Blood Glucose Monitoring System) in selected jurisdictions in March 2014 with the goal of collecting customer feedback to refine our longer-term roll-out strategy and continued to scale up launch during 2014 in the United Kingdom, the Netherlands and New Zealand, in 2015 in Australia, Israel and Canada and in 2016 in the United States. These efforts have not generated sufficient revenues, and we will need to generate additional revenues over the next years. Therefore, we are, and expect for the foreseeable future to be, subject to all the risks and uncertainties, inherent in a new business and the development and sale of new medical devices and related software applications. As a result, we may be unable to fully develop, obtain regulatory approval for, commercialize, manufacture, market, sell and derive material revenues in the timeframes we project, if at all, and our inability to do so would materially and adversely impact our viability as a company. In addition, we still must establish many functions necessary to operate a business, including finalizing our managerial and administrative structure, continuing product and technology development, assessing and commencing our marketing activities, implementing financial systems and controls and personnel recruitment.

Accordingly, you should consider our prospects in light of the costs, uncertainties, delays and difficulties frequently encountered by companies in their initial revenue generating stages, particularly those in the medical device and mobile health fields. In particular, potential investors should consider that there is a significant risk that we will not be able to:

- implement or execute our current business plan, or that our business plan is sound;
- maintain our management team and Board of Directors;
- raise sufficient funds in the capital markets or otherwise to effectuate our business plan;
- determine that our technologies that we have developed are commercially viable; and/or
- attract, enter into or maintain contracts with, and retain customers.

In the event that we do not successfully address these risks, our business, prospects, financial condition, and results of operations could be materially and adversely affected.

Given our limited revenue and lack of positive cash flow, we will need to raise additional capital, which may be unavailable to us or, even if consummated, may cause dilution or place significant restrictions on our ability to operate.

According to our management's estimates, based on our current cash on hand and further based on our budget and the assumption that initial commercial sales will commence during our anticipated timeframes, we believe that we will have sufficient resources to continue our activities only into June 2021.

Since we might be unable to generate sufficient revenue or cash flow to fund our operations for the foreseeable future, we will need to seek additional equity or debt financing to provide the capital required to maintain or expand our operations. We may also need additional funding for developing products and services, increasing our sales and marketing capabilities, and promoting brand identity, as well as for working capital requirements and other operating and general corporate purposes. Moreover, the regulatory compliance arising out of being a publicly registered company has dramatically increased our costs.

We do not currently have any arrangements or credit facilities in place as a source of funds, and there can be no assurance that we will be able to raise sufficient additional capital on acceptable terms, or at all. If such financing is not available on satisfactory terms, or is not available at all, we may be required to delay, scale back or eliminate the development of business opportunities and our operations and financial condition may be materially adversely affected.

If we raise additional capital by issuing equity securities, the percentage ownership of our existing stockholders may be reduced, and accordingly these stockholders may experience substantial dilution. We may also issue equity securities that provide for rights, preferences and privileges senior to those of our common stock. Given our need for cash and that equity raising is the most common type of fundraising for companies like ours, the risk of dilution is particularly significant for stockholders of our company.

Debt financing, if obtained, may involve agreements that include liens on our assets, covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, could increase our expenses and require that our assets be provided as a security for such debt. Debt financing would also be required to be repaid regardless of our operating results.

If we raise additional funds through collaborations and licensing arrangements, we may be required to relinquish some rights to our technologies or candidate products, or to grant licenses on terms that are not favorable to us.

Funding from any source may be unavailable to us on acceptable terms, or at all, If we do not have sufficient capital to fund our operations and expenses, we may not be able to achieve or maintain competitiveness, which could lead to the failure of our business and the loss of your investment.

We have incurred significant losses since inception. As such, you cannot rely upon our historical operating performance to make an investment decision regarding our company.

Since our inception, we have engaged primarily in research and development activities and in 2015 entered the commercialization stage. We have financed our operations primarily through private placements and public offerings of common stock and have incurred losses in each year since inception including net losses of $17,736,000 and $17,803,000 in 2019 and 2018, respectively. Our accumulated deficit at December 31, 2019 was approximately $110,145,000. We do not know whether or when we will become profitable. Our ability to generate revenue and achieve profitability depends upon our ability, alone or with others, to launch Dario in additional European countries, and elsewhere and manufacture, market and sell Dario where approved. We may be unable to achieve any or all of these goals.

Our independent registered public accounting firm has expressed in its report to our 2019 audited consolidated financial statements a substantial doubt about our ability to continue as a going concern.

During 2015 we entered the commercialization stage, and the development and commercialization of Dario is uncertain and expected to require substantial expenditures. We have not yet generated sufficient revenues from our operations to fund our activities and are therefore dependent upon external sources for financing our operations. There is a risk that we will be unable to obtain the necessary financing to continue our operations on terms acceptable to us or at all. As a result, our independent registered public accounting firm has expressed in its auditors' report on the consolidated financial statements for December 31, 2019, a substantial doubt regarding our ability to continue as a going concern. Our consolidated financial statements do not include any adjustments that might result from the outcome of the uncertainty regarding our ability to continue as a going concern. This going concern opinion could materially limit our ability to raise additional funds through the issuance of equity or debt securities or otherwise. Future reports on our financial statements may include an explanatory paragraph with respect to our ability to continue as a going concern. If we cannot continue as a going concern, our stockholders may lose their entire investment in the common stock.

We may be subject to claims for rescission or damages in connection with certain sales of shares of our securities.

In March 2016, the Securities and Exchange Commission declared effective a registration statement that we filed to cover the sale of 66,667 shares of common stock, 76,667 warrants to purchase common stock, 76,667 shares of common stock underlying such warrants, and underwriters' warrants to purchase up to 7,172 shares of common stock. Sales of approximately 2,778 shares of common stock, approximately 12,778 shares of common stock underlying warrants and approximately 1,278 shares of common stock underlying underwriters' warrants may not have been made in accordance with Section 5 of the Securities Act of 1933, as amended. Accordingly, the purchasers of those securities may have rescission rights or be entitled to damages. The amount of such liability, if any, is uncertain. In the event that we are required to make payments to investors as a result of these unregistered sales of securities, our liquidity could be negatively impacted.

Risks Related to Our Business

We only recently began commercializing Dario, and our success will depend on the acceptance of Dario in the healthcare market.

Dario has been CE marked since 2013, enabling us to commercialize in 32 countries across Europe as well as in certain other countries worldwide. It was also approved by the regulatory authorities in Australia, New Zealand, Canada, Israel and South Africa, and most recently in December 2015, we received FDA clearance. As a result, we have a limited history of commercializing Dario and commenced selling Dario in the United States in 2016. We have limited experience engaging in commercial activities and limited established relationships with physicians and hospitals as well as third-party suppliers on whom we depend for the manufacture of our product. We are faced with the risk that the marketplace will not be receptive to Dario over competing products and that we will be unable to compete effectively. Factors that could affect our ability to establish Dario or any potential future product include:

- the development of products or devices which could result in a shift of customer preferences away from our device and services and significantly decrease revenue;
- the increased use of improved diabetes drugs that could encourage certain diabetics to test less often, resulting in less usage of a self-monitoring test device for certain types of diabetics;
- the challenges of developing (or acquiring externally-developed) technology solutions that are adequate and competitive in meeting the requirements of next-generation design challenges;
- the significant number of current competitors in the BGMS market who have significantly greater brand recognition and more recognizable trademarks and who have established relationships with healthcare providers and payors; and
- intense competition to attract acquisition targets, which may make it more difficult for us to acquire companies or technologies at an acceptable price or at all.

We cannot assure you that Dario or any future product will gain broad market acceptance. If the market for Dario or any future product fails to develop or develops more slowly than expected, or if any of the technology and standards supported by us do not achieve or sustain market acceptance, our business and operating results would be materially and adversely affected.

There is no assurance that our recently launched DarioEngage software platform will succeed or be adopted by healthcare providers.

We have recently launched a new product offering of our DarioEngage software platform, where we digitally engage with Dario users, assist them in monitoring their chronic illnesses and provide them with coaching, support, digital communications, and real-time alerts, trends and pattern analysis. We expect that the DarioEngage software platform may be leveraged by our potential partners, such as clinics, health care service providers, employers, and payers for scalable monitoring of people with diabetes in a cost-effective manner, which we expect will open for us additional revenue streams. However, the success of our DarioEngage software platform will depend entirely on our potential partners' adoption of the platform and we cannot assure you that our potential partners will do so, or, if adopted, that they will continue to use the platform continually and for an extended period of time. If we cannot encourage potential partners to utilize our DarioEngage software platform we may not succeed in marketing the product to our potential partners, the failure of which may materially and adversely affect our business and operating results.

A pandemic, epidemic or outbreak of an infectious disease in the United States, Israel or elsewhere may adversely affect our business.

If a pandemic, epidemic or outbreak of an infectious disease occurs in the United States, Israel or elsewhere, our business may be adversely affected. In December 2019, a novel strain of coronavirus, COVID-19, was identified in Wuhan, China. This virus continues to spread globally and, as of March 2020, has spread to over 100 countries, including the United States and Israel. The spread of COVID-19 from China to other countries has resulted in the World Health Organization declaring the outbreak of COVID-19 as a "pandemic," or a worldwide spread of a new disease, on March 11, 2020. Many countries around the world have imposed quarantines and restrictions on travel and mass gatherings to slow the spread of the virus. On March 10, 2020, the Government of Israel announced that effective Thursday, March 12, 2020, at 20:00 (Israel time) foreign travelers arriving from any country will be required to remain in home quarantine until 14 days have passed since the date of entry into Israel; non-Israeli residents will be required to prove they have the means to self-quarantine before being allowed entry into Israel and, in addition, non-Israeli residents or citizens traveling from certain countries may be denied entry into Israel. In addition, the Ministry of Health in the State of Israel issued guidelines on March 11, 2020 recommending people avoid gatherings in one space and providing that no gathering of more than 100 people should be held under any circumstances. Employers (including us) are also required to prepare and increase as much as possible the capacity and arrangement for employees to work remotely. In addition, on March 11, 2020, the President of the United States issued a proclamation to restrict travel to the United States from foreign nationals who have recently been in certain European countries. We are still assessing the effect on our business, from the spread of COVID-19 and the actions implemented by the governments of the State of Israel, the United States and elsewhere across the globe.

The spread of an infectious disease, including COVID-19, may also result in the inability of our manufacturers to deliver components or finished products on a timely basis. In addition, health professionals may reduce staffing and reduce or postpone meetings with clients in response to the spread of an infectious disease. Such events may result in a period of business and manufacturing disruption, and in reduced operations, any of which could materially affect our business, financial condition and results of operations. The extent to which COVID-19 impacts our business will depend on future

developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others.

We may not be successful in launching Dario Intelligence and even if we are successful in doing so, there is no assurance that we will be successful in marketing and/or selling our product in the marketplace.

We intend to launch our Dario Intelligence program, which will utilize a large amount of data collected on our servers to develop predictive models and artificial intelligence algorithms to meet the potential demand of intelligence-driven analytics that healthcare providers may be looking for to improve their services. However, the launch of Dario Intelligence will require significant financial and technical resources. There is no assurance that we will successfully develop or launch Dario Intelligence. Even if we are successful in doing so, there is no assurance that the marketplace will accept or adopt the usage of Dario Intelligence. If we cannot successfully develop Dario Intelligence, or encourage the use and adoption of Dario Intelligence by market participants, our business and operating results may be materially and adversely affected.

We cannot accurately predict the volume or timing of any future sales, making the timing of any revenues difficult to predict.

We may be faced with lengthy customer evaluation and approval processes associated with Dario. Consequently, we may incur substantial expenses and devote significant management effort and expense in developing customer adoption of Dario which may not result in revenue generation. We must also obtain regulatory approvals of Dario in certain jurisdictions as well as approval for insurance reimbursement in order to initiate sales of Dario, each of which is subject to risk and potential delays, and neither of which may actually occur. As such, we cannot accurately predict the volume or timing of any future sales.

If Dario fails to satisfy current or future customer requirements, we may be required to make significant expenditures to redesign the product, and we may have insufficient resources to do so.

Dario is being designed to address an evolving marketplace and must comply with current and evolving customer requirements in order to gain market acceptance. There is a risk that Dario will not meet anticipated customer requirements or desires. If we are required to redesign our products to address customer demands or otherwise modify our business model, we may incur significant unanticipated expenses and losses, and we may be left with insufficient resources to engage in such activities. If we are unable to redesign our products, develop new products or modify our business model to meet customer desires or any other customer requirements that may emerge, our operating results would be materially adversely affected and our business might fail.

We expect to derive substantially all of our revenues from our principal technology, which leaves us subject to the risk of reliance on such technology.

We expect to derive substantially all of our revenues from sales of products derived from our principal technology. Our initial product utilizing this technology is Dario. As such, any factor adversely affecting sales of Dario, including the product release cycles, regulatory issues, market acceptance, product competition, performance and reliability, reputation, price competition and economic and market conditions, would likely harm our operating results. We may be unable to develop other products utilizing our technology, which would likely lead to the failure of our business. Moreover, in spite of our efforts related to the registration of our technology, if patent protection is not available for our principal technology, the viability of Dario and any other products that may be derived from such technology would likely be adversely impacted to a significant degree, which would materially impair our prospects.

We are dependent upon third-party manufacturers and suppliers making us vulnerable to supply shortages and problems and price fluctuations, which could harm our business.

We do not own or operate manufacturing facilities for clinical or commercial production of the Dario Blood Glucose Monitoring System and we lack the resources and the capability to manufacture the Dario Blood Glucose Monitoring System on a commercial scale. Therefore, we rely on a limited number of suppliers who manufacture and assemble certain components of the Dario Blood Glucose Monitoring System. Our suppliers may encounter problems during manufacturing for a variety of reasons, including, for example, failure to follow specific protocols and procedures, failure to comply with applicable legal and regulatory requirements, equipment malfunction and environmental factors, failure to properly conduct their own business affairs, and infringement of third-party intellectual property rights, any of which could delay or impede their ability to meet our requirements. Our reliance on these third-party suppliers also subjects us to other risks that could harm our business, including:

- we are not a major customer of many of our suppliers, and these suppliers may therefore give other customers' needs higher priority than ours;
- third parties may threaten or enforce their intellectual property rights against our suppliers, which may cause disruptions or delays in shipment, or may force our suppliers to cease conducting business with us;
- we may not be able to obtain an adequate supply in a timely manner or on commercially reasonable terms;
- our suppliers, especially new suppliers, may make errors in manufacturing that could negatively affect the efficacy or safety of the Dario Blood Glucose Monitoring System or cause delays in shipment;
- we may have difficulty locating and qualifying alternative suppliers;
- switching components or suppliers may require product redesign and possibly submission to FDA, European Economic Area Notified Bodies, or other foreign regulatory bodies, which could significantly impede or delay our commercial activities;
- one or more of our sole- or single-source suppliers may be unwilling or unable to supply components of the Dario Blood Glucose Monitoring System;
- other customers may use fair or unfair negotiation tactics and/or pressures to impede our use of the supplier;
- the occurrence of a fire, natural disaster or other catastrophe impacting one or more of our suppliers may affect their ability to deliver products to us in a timely manner; and
- our suppliers may encounter financial or other business hardships unrelated to our demand, which could inhibit their ability to fulfill our orders and meet our requirements.

We may not be able to quickly establish additional or alternative suppliers if necessary, in part because we may need to undertake additional activities to establish such suppliers as required by the regulatory approval process. Any interruption or delay in obtaining products from our third-party suppliers, or our inability to obtain products from qualified alternate sources at acceptable prices in a timely manner, could impair our ability to meet the demand of our customers and cause them to switch to competing products. Given our reliance on certain single-source suppliers, we are especially susceptible to supply shortages because we do not have alternate suppliers currently available.

We rely in part on a small group of third-party distributors to effectively distribute our products.

We depend in part on medical device distributors for the marketing and selling of our products in certain territories in which we have launched product sales. We depend on these distributors' efforts to market our products, yet we are unable to control their efforts completely. These distributors typically sell a variety of other, non-competing products that may limit the resources they dedicate to selling Dario. In addition, we are unable to ensure that our distributors comply with all applicable laws regarding the sale of our products. If our distributors fail to effectively market and sell Dario, in full compliance with applicable laws, our operating results and business may suffer. Recruiting and retaining qualified third-party distributors and training them in our technology and product offering requires significant time and resources. To develop and expand our distribution, we must continue to scale and improve our processes and procedures that support our distributors. Further, if our relationship with a successful distributor terminates, we may be unable to replace that distributor without disruption to our business. If we fail to maintain positive relationships with our distributors, fail to develop new relationships with other distributors, including in new markets, fail to manage, train or incentivize existing distributors effectively, or fail to provide distributors with competitive products on attractive terms, or if these distributors are not successful in their sales efforts, our revenue may decrease and our operating results, reputation and business may be harmed.

Failure in our online and digital marketing efforts could significantly impact our ability to generate sales.

In several of our principal target markets, we utilize online and digital marketing in order to create awareness to Dario. Our management believes that using online advertisement through affiliate networks and a variety of other pay-for-performance methods will be superior for marketing and generating sales of Dario rather than utilizing traditional, expensive retail channels. However, there is a risk that our marketing strategy could fail. Because we plan to use non-traditional retail sales tools and to rely on healthcare providers to educate our customers about Dario, we cannot predict the level of success, if any, that we may achieve by marketing Dario via the internet. The failure of our online marketing efforts would significantly and negatively impact our ability to generate sales.

Our Dario Smart Diabetes Management application, which is a key to our business model, is available via Apple's App Store and via Google's Android platforms and maybe in the future via additional platforms. If we are unable to achieve or maintain a good relationship with each of Apple and Google or similar platforms, or if the Apple App Store or the Google Play Store or any other applicable platform were unavailable for any prolonged period of time, our business will suffer.

A key component of the Dario Smart Diabetes Management Solution is an iPhone or Android application which includes tools to help diabetic patients manage their disease. This application is compatible with Apple's iOS and with Google's Android platforms and may in the future become compatible via additional platforms. If we are unable to make our Dario Smart Diabetes Management application compatible with these platforms, or if there is any deterioration in our relationship with either Apple or Google or others after our application is available, our business would be materially harmed.

We are subject to each of Apple's and Google's standard terms and conditions for application developers, which govern the promotion, distribution, and operation of games and other applications on their respective storefronts. Each of Apple and Google has broad discretion to change its standard terms and conditions, including changes which could require us to pay to have our Dario Smart Diabetes Management application available for downloading. In addition, these standard terms and conditions can be vague and subject to changing interpretations by Apple or Google. We may not receive any advance warning of such changes. In addition, each of Apple and Google has the right to prohibit a developer from distributing its applications on its storefront if the developer violates its standard terms and conditions. In the event that either Apple or Google ever determines that we are in violation of its standard terms and conditions, including by a new interpretation, and prohibits us from distributing our Dario Smart Diabetes Management application on its storefront, it would materially harm our business.

Additionally, we will rely on the continued function of the Apple App Store and the Google Play Store as digital storefronts where our Dario Smart Diabetes Management application may be obtained. There have been occasions in the past when these digital storefronts were unavailable for short periods of time or where there have been issues with the in-app purchasing functionality within the storefront. In the event that either the Apple App Store or the Google Play Store is unavailable or if in-app purchasing functionality within the storefront is non-operational for a prolonged period of time, it would have a material adverse effect on the ability of our customers to secure the Dario Smart Diabetes Management application, which would materially harm our business.

Our products are subject to technological changes which may impact their use.

Our Dario Blood Glucose Monitoring System is currently designed to be plugged into the audio jack or the charging jack of a mobile device. In addition, we have recently completed the development of a version of the Dario Blood Glucose Monitoring System that connects to an iPhone 7 and later models through the Lightning jack instead of the missing audio jack. As a result, our products are subject to future technological changes to mobile devices that may occur in the future. If we are unable to modify our products to keep pace with such technological changes, it would have a material adverse effect the ability of our customers to use our products, which would materially harm our business.

As we conduct business internationally, we are susceptible to risks associated with international relationships.

Outside of the United States, we operate our business internationally, presently in Europe, Australia and Canada. The international operation of our business requires significant management attention, which could negatively affect our business if it diverts their attention from their other responsibilities. In the event that we are unable to manage the complications associated with international operations, our business prospects could be materially and adversely affected. In addition, doing business with foreign customers subjects us to additional risks that we do not generally face in the United States. These risks and uncertainties include:

- management, communication and integration problems resulting from cultural differences and geographic dispersion;
- localization of products and services, including translation of foreign languages;
- delivery, logistics and storage costs;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- difficulties supporting international operations;
- difficulties supporting customer services;
- changes in economic and political conditions;
- impact of trade protection measures;
- complying with import or export licensing requirements;
- exchange rate fluctuations;
- competition from companies with international operations, including large international competitors and entrenched local companies;
- potentially adverse tax consequences, including foreign tax systems and restrictions on the repatriation of earnings;
- maintaining and servicing computer hardware in distant locations;
- keeping current and complying with a wide variety of foreign laws and legal standards, including local labor laws;
- securing or maintaining protection for our intellectual property; and
- reduced or varied protection for intellectual property rights, including the ability to transfer such rights to third parties, in some countries.

The occurrence of any or all of these risks could adversely affect our international business and, consequently, our results of operations and financial condition.

We expect to be exposed to fluctuations in currency exchange rates, which could adversely affect our results of operations.

Because we expect to conduct a material portion of our business outside of the United States but report our financial results in U.S. Dollars, we face exposure to adverse movements in currency exchange rates. Our foreign operations will be exposed to foreign exchange rate fluctuations as the financial results are translated from the local currency into U.S. Dollars upon consolidation. Specifically, the U.S. Dollar cost of our operations in Israel is influenced by any movements in the currency exchange rate of the New Israeli Shekel (NIS). Such movements in the currency exchange rate may have a negative effect on our financial results. If the U.S. Dollar weakens against foreign currencies, the translation of these foreign currencies denominated transactions will result in increased revenue, operating expenses and net income. Similarly, if the U.S. Dollar strengthens against foreign currencies, the translation of these foreign currencies denominated transactions will result in decreased revenue, operating expenses and net income. As exchange rates vary, sales and other operating results, when translated, may differ materially from our or the capital market’s expectations.

Non-U.S. governments often impose strict price controls, which may adversely affect our future profitability.

We intend to seek approval to market Dario and any future product in both the U.S. and in non-U.S. jurisdictions. If we obtain approval in one or more non-U.S. jurisdictions, we will be subject to rules and regulations in those jurisdictions relating to our products. In some countries, particularly countries of the European Union, each of which has developed its own rules and regulations, pricing may be subject to governmental control under certain circumstances. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a medical device candidate. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product to other available products. If reimbursement of our product candidates is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, we may be unable to achieve or sustain profitability.

Our Dario Smart Diabetes Management Solution and associated business processes may contain undetected errors, which could limit our ability to provide our services and diminish the attractiveness of our service offerings.

The Dario Smart Diabetes Management Solution may contain undetected errors, defects or bugs. As a result, our customers or end users may discover errors or defects in our products, software or the systems we design, or the products or systems incorporating our designs and intellectual property may not operate as expected. We may discover significant errors or defects in the future that we may not be able to fix. Our inability to fix any of those errors could limit our ability to provide our products, impair the reputation of our brand and diminish the attractiveness of our product offerings to our customers.

In addition, we may utilize third-party technology or components in our products and we rely on those third parties to provide support services to us. Failure of those third parties to provide necessary support services could materially adversely impact our business.

Our future performance will depend on the continued engagement of key members of our management team.

Our future performance depends to a large extent on the continued services of members of our current management including, in particular, Erez Raphael, our Chief Executive Officer and a member of our Board of Directors and Zvi Ben David, our Chief Financial Officer, Treasurer and Secretary. In the event that we lose the continued services of such key personnel for any reason, this could have a material adverse effect on our business, operations, and prospects.

If we are not able to attract and retain highly skilled managerial, scientific and technical personnel, we may not be able to implement our business model successfully.

We believe that our management team must be able to act decisively to apply and adapt our business model in the rapidly changing markets in which we will compete. In addition, we will rely upon technical and scientific employees or third-party contractors to effectively establish, manage and grow our business. Consequently, we believe that our future viability will depend largely on our ability to attract and retain highly skilled managerial, sales, scientific and technical personnel. In order to do so, we may need to pay higher compensation or fees to our employees or consultants than we currently expect and such higher compensation payments would have a negative effect on our operating results. Competition for experienced, high-quality personnel is intense and we cannot assure that we will be able to recruit and retain such personnel. We may not be able to hire or retain the necessary personnel to implement our business strategy. Our failure to hire and retain such personnel could impair our ability to develop new products and manage our business effectively.

Risks Related to Product Development and Regulatory Approval

The regulatory clearance process which we must navigate is expensive, time-consuming, and uncertain and may prevent us from obtaining clearance for the commercialization of Dario or our any future product.

We are not permitted to market Dario until we receive regulatory clearance. To date, we have received regulatory clearance in Australia, Canada, Israel, Italy, the Netherlands, New Zealand, the United Kingdom, and the United States.

The research, design, testing, manufacturing, labeling, selling, marketing and distribution of medical devices are subject to extensive regulation by the FDA and non-U.S. regulatory authorities, which regulations differ from country to country. There can be no assurance that even after such time and expenditures, we will be able to obtain necessary regulatory approvals for clinical testing or for the manufacturing or marketing of any products. In addition, during the regulatory process, other companies may develop other technologies with the same intended use as our products.

We are also subject to numerous post-marketing regulatory requirements, which include labeling regulations and medical device reporting regulations, which may require us to report to different regulatory agencies if our device causes or contributes to a death or serious injury, or malfunctions in a way that would likely cause or contribute to a death or serious injury. In addition, these regulatory requirements may change in the future in a way that adversely affects us. If we fail to comply with present or future regulatory requirements that are applicable to us, we may be subject to enforcement action by regulatory agencies, which may include, among others, any of the following sanctions:

- untitled letters, warning letters, fines, injunctions, consent decrees, and civil penalties;
- customer notification, or orders for repair, replacement or refunds;
- voluntary or mandatory recall or seizure of our current or future products;
- imposing operating restrictions, suspension or shutdown of production;
- refusing our requests for 510(k) clearance or pre-market approval of new products, new intended uses or modifications to Dario or future products;
- rescinding 510(k) clearance or suspending or withdrawing pre-market approvals that have already been granted; and
- criminal prosecution.

The occurrence of any of these events may have a material adverse effect on our business, financial condition and results of operations.

In addition, on September 23, 2013, the FDA issued final guidance (which we refer to herein as the Guidance) for developers of mobile medical applications, or apps, which are software programs that run on mobile communication devices and perform the same functions as traditional medical devices. The Guidance outlines the FDA's tailored approach to mobile apps. The FDA plans to exercise enforcement discretion (meaning it will not enforce requirements under the Federal Food, Drug and Cosmetic Act) for the majority of mobile apps as they pose minimal risk to consumers. The FDA plans to focus its regulatory oversight on a subset of mobile medical apps that present a greater risk to patients if they do not work as intended. We anticipate that the Dario Smart Diabetes Management application will be subject to FDA regulation as a "mobile medical app."

We have conducted limited clinical studies of Dario. Clinical and pre-clinical data is susceptible to varying interpretations, which could delay, limit or prevent additional regulatory clearances.

To date, we have conducted limited clinical studies on Dario. There can be no assurance that we will successfully complete additional clinical studies necessary to receive additional regulatory approvals in certain jurisdictions. While studies conducted by us have produced results we believe to be encouraging and indicative of the potential efficacy of Dario, data already obtained, or in the future obtained, from pre-clinical studies and clinical studies do not necessarily predict the results that will be obtained from later pre-clinical studies and clinical studies. Moreover, pre-clinical and clinical data are susceptible to varying interpretations, which could delay, limit or prevent additional regulatory approvals. A number of companies in the medical device and pharmaceutical industries have suffered significant setbacks in advanced clinical studies, even after promising results in earlier studies. The failure to adequately demonstrate the safety and effectiveness of an intended product under development could delay or prevent regulatory clearance of the device, resulting in delays to commercialization, and could materially harm our business. Even though we have received CE mark and FDA clearance of Dario, there can be no assurance that we will be able to receive approval for other potential applications of our principal technology, or that we will receive regulatory clearances from other targeted regions or countries.

We may be unable to complete required clinical trials, or we may experience significant delays in completing such clinical trials, which could significantly delay our targeted product launch timeframe and impair our viability and business plan.

The completion of any future clinical trials for Dario or other trials that we may be required to undertake in the future could be delayed, suspended or terminated for several reasons, including:

- our failure or inability to conduct the clinical trial in accordance with regulatory requirements;
- sites participating in the trial may drop out of the trial, which may require us to engage new sites for an expansion of the number of sites that are permitted to be involved in the trial;
- patients may not enroll in, remain in or complete, the clinical trial at the rates we expect; and
- clinical investigators may not perform our clinical trial on our anticipated schedule or consistent with the clinical trial protocol and good clinical practices.

If our clinical trial is delayed it will take us longer to further commercialize Dario and generate additional revenues. Moreover, our development costs will increase if we have material delays in our clinical trial or if we need to perform more or larger clinical trials than planned. We may be faced with similar risks in connection with future trials we conduct. See “Business - Clinical Trials” for a description of our clinical trials performed to date.

If we or our manufacturers fail to comply with the FDA’s Quality System Regulation or any applicable state equivalent, our operations could be interrupted and our operating results could suffer.

We, our manufacturers and suppliers must, unless specifically exempt by regulation, follow the FDA’s Quality System Regulation (QSR) and are also subject to the regulations of foreign jurisdictions regarding the manufacturing process. If our affiliates, our manufacturers or suppliers are found to be in significant non-compliance or fail to take satisfactory corrective action in response to adverse QSR inspectional findings, the FDA could take enforcement actions against us and our manufacturers which could impair our ability to produce our products in a cost-effective and timely manner in order to meet our customers’ demands. Accordingly, our operating results could suffer.

We are subject to the risk of reliance on third parties to conduct our clinical trial work.

We depend on independent clinical investigators to conduct our clinical trials. Contract research organizations may also assist us in the collection and analysis of data. These investigators and contract research organizations will not be our employees and we will not be able to control, other than by contract, the number of resources, including the time that they devote to products that we develop. If independent investigators fail to devote sufficient resources to our clinical trials, or if their performance is substandard, it will delay the approval or clearance and commercialization of any products that we develop. Further, the FDA and other regulatory bodies around the world require that we comply with standards, commonly referred to as good clinical practice, for conducting, recording and reporting clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity, and confidentiality of trial subjects are protected. If our independent clinical investigators and contract research organizations fail to comply with good clinical practice, the results of our clinical trials could be called into question and the clinical development of our product candidates could be delayed. Failure of clinical investigators or contract research organizations to meet their obligations to us or comply with federal regulations could adversely affect the clinical development of our product candidates and harm our business. Moreover, we intend to have several clinical trials in order to support our marketing efforts and business development purposes. Such clinical trials will be conducted by third parties as well. Failure of such clinical trials to meet their primary endpoints could adversely affect our marketing efforts.

Legislative reforms to the United States healthcare system may adversely affect our revenues and business.

From time to time, legislative reform measures are proposed or adopted that would impact healthcare expenditures for medical services, including the medical devices used to provide those services. For example, in March 2010, U.S. President Barack Obama signed the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, collectively referred to as the Affordable Care Act. The Affordable Care Act made a number of substantial changes in the way health care is financed by both governmental and private insurers and the way that Medicare providers are reimbursed. Among other things, the Affordable Care Act requires certain medical device manufacturers and importers to pay an excise tax equal to 2.3% of the price for which such medical devices are sold, beginning January 1, 2013.

In addition, other legislative changes have been proposed and adopted since the Affordable Care Act was enacted. On August 2, 2011, the President signed into law the Budget Control Act of 2011, which, among other things, created the Joint Select Committee on Deficit Reduction to recommend to Congress proposals in spending reductions. The Joint Select Committee did not achieve a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, triggering the legislation's automatic reduction to several government programs. This includes reductions to Medicare payments to providers of 2.0% per fiscal year. On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, or the ATRA, which delayed for another two months the budget cuts mandated by these sequestration provisions of the Budget Control Act of 2011. On March 1, 2013, the President signed an executive order implementing sequestration, and on April 1, 2013, the 2% Medicare payment reductions went into effect. The Bipartisan Budget Act of 2013, enacted on December 26, 2013, extends these cuts to 2023. The ATRA also, among other things, reduced Medicare payments to several providers, including hospitals, imaging centers, and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. In December 2014, Congress passed an omnibus funding bill (the Consolidated and Further Continuing Appropriations Act, 2015) and a tax extenders bill, both of which may negatively impact coverage and reimbursement of healthcare items and services. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our products or additional pricing pressure. For example, U.S. President Donald Trump has recently publicly indicated an intent to lower healthcare costs through various potential initiatives. In addition, President Trump and other U.S. lawmakers have made statements about potentially repealing and/or replacing the Affordable Care Act, although specific legislation for such repeal or replacement has not yet been introduced. While we are unable to predict what changes may ultimately be enacted, to the extent that future changes affect how our products are paid for and reimbursed by government and private payers our business could be adversely impacted.

Government and private sector initiatives to limit the growth of health care costs, including price regulation, competitive pricing, coverage and payment policies, comparative effectiveness reviews of therapies, technology assessments, and managed-care arrangements, are continuing. Government programs, including Medicare and Medicaid, private health care insurance and managed-care plans have attempted to control costs by limiting the amount of reimbursement they will pay for particular procedures or treatments, tying reimbursement to outcomes, and other mechanisms designed to constrain utilization and contain costs, including delivery reforms such as expanded bundling of services. Hospitals are also seeking to reduce costs through a variety of mechanisms, which may increase price sensitivity among customers for our products, and adversely affect sales, pricing, and utilization of our products. Some third-party payors must also approve coverage for new or innovative devices or therapies before they will reimburse health care providers who use medical devices or therapies. We cannot predict the potential impact of cost-containment trends on future operating results.

We may be subject to federal, state and foreign healthcare fraud and abuse laws and regulations.

Many federal, state and foreign healthcare laws and regulations apply to the BGMS business and medical devices. We may be subject to certain federal and state regulations, including the federal healthcare programs' Anti-Kickback Law, the federal Health Insurance Portability and Accountability Act of 1996, and other federal and state false claims laws. The medical device industry has been under heightened scrutiny as the subject of government investigations and enforcement actions involving manufacturers who allegedly offered unlawful inducements to potential or existing customers in an attempt to procure their business, including arrangements with physician consultants. If our operations or arrangements are found to be in violation of such governmental regulations, we may be subject to civil and criminal penalties, damages, fines, exclusion from the Medicare and Medicaid programs and the curtailment of our operations. All of these penalties could adversely affect our ability to operate our business and our financial results.

Product liability suits, whether or not meritorious, could be brought against us due to an alleged defective product or for the misuse of Dario or our potential future products. These suits could result in expensive and time-consuming litigation, payment of substantial damages, and an increase in our insurance rates.

If Dario or any of our future products are defectively designed or manufactured contain defective components or are misused, or if someone claims any of the foregoing, whether or not meritorious, we may become subject to substantial and costly litigation. Misusing our device or failing to adhere to the operating guidelines or the device producing inaccurate meter readings could cause significant harm to patients, including death. In addition, if our operating guidelines are found to be inadequate, we may be subject to liability. Product liability claims could divert management's attention from our core business, be expensive to defend and result in sizable damage awards against us. While we maintain product liability insurance, we may not have sufficient insurance coverage for all future claims. Any product liability claims brought against us, with or without merit, could increase our product liability insurance rates or prevent us from securing continuing coverage, could harm our reputation in the industry and could reduce revenue. Product liability claims in excess of our insurance coverage would be paid out of cash reserves harming our financial condition and adversely affecting our results of operations.

If we are found to have violated laws protecting the confidentiality of patient health information, we could be subject to civil or criminal penalties, which could increase our liabilities and harm our reputation or our business.

Part of our business plan includes the storage and potential monetization of medical data of users of Dario. There are a number of federal and state laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the U.S. Department of Health and Human Services promulgated patient privacy rules under the Health Insurance Portability and Accountability Act of 1996 (which we refer to as HIPAA). These privacy rules protect medical records and other personal health information by limiting their use and disclosure, giving individuals the right to access, amend and seek accounting of their own health information and limiting most use and disclosures of health information to the minimum amount reasonably necessary to accomplish the intended purpose. We may face difficulties in holding such information in compliance with applicable law. If we are found to be in violation of the privacy rules under HIPAA, we could be subject to civil or criminal penalties, which could increase our liabilities, harm our reputation and have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Intellectual Property

The failure to obtain or maintain patents, licensing agreements and other intellectual property could materially impact our ability to compete effectively.

In order for our business to be viable and to compete effectively, we need to develop and maintain, and we will heavily rely on, our proprietary position with respect to our technologies and intellectual property. We filed a Patent Cooperation Treaty (or PCT) application for a “Fluids Testing Apparatus and Methods of Use” in May 2011 which incorporates two U.S. provisional applications submitted in the preceding year. The PCT covers the specific processes related to blood glucose level measurement as well as more general methods of rapid tests of body fluids and has subsequently been converted into several national phase patent applications. We have also filed patent applications for other aspects of the Dario Blood Glucose Monitoring Solution. We have also obtained numerous Web domains.

However, to date, we have only been issued four patents (three of which were issued in the United States) relating to how the Dario Blood Glucose Monitoring System draws power from and transmits data to a smartphone via the audio jack port. None of our other patents have been granted by a patent office. In addition, there are significant risks associated with our actual or proposed intellectual property. The risks and uncertainties that we face with respect to our pending patent and other proprietary rights principally include the following:

- pending patent applications we have filed or will file may not result in issued patents or may take longer than we expect to result in issued patents;
- we may be subject to interference proceedings;
- we may be subject to opposition proceedings in foreign countries;
- any patents that are issued to us may not provide meaningful protection;
- we may not be able to develop additional proprietary technologies that are patentable;
- other companies may challenge patents licensed or issued to us;

- other companies may have independently developed and/or patented (or may in the future independently develop and patent) similar or alternative technologies, or duplicate our technologies;

- other companies may design their technologies around technologies we have licensed or developed; and

- enforcement of patents is complex, uncertain and very expensive.

We cannot be certain that patents will be issued as a result of any of our pending or future applications, or that any of our patents, once issued, will provide us with adequate protection from competing products. For example, issued patents may be circumvented or challenged, declared invalid or unenforceable, or narrowed in scope. In addition, since the publication of discoveries in scientific or patent literature often lags behind actual discoveries, we cannot be certain that we were the first to make our inventions or to file patent applications covering those inventions.

It is also possible that others may have or may obtain issued patents that could prevent us from commercializing our products or require us to obtain licenses requiring the payment of significant fees or royalties in order to enable us to conduct our business. As to those patents that we have licensed, our rights depend on maintaining our obligations to the licensor under the applicable license agreement, and we may be unable to do so.

Costly litigation may be necessary to protect our intellectual property rights and we may be subject to claims alleging the violation of the intellectual property rights of others.

We may face significant expense and liability as a result of litigation or other proceedings relating to patents and intellectual property rights of others. In the event that another party has also filed a patent application or been issued a patent relating to an invention or technology claimed by us in pending applications, we may be required to participate in an interference proceeding declared by the United States Patent and Trademark Office to determine priority of invention, which could result in substantial uncertainties and costs for us, even if the eventual outcome was favorable to us. We, or our licensors, also could be required to participate in interference proceedings involving issued patents and pending applications of another entity. An adverse outcome in an interference proceeding could require us to cease using the technology, substantially modify it or to license rights from prevailing third parties.

The cost to us of any patent litigation or other proceeding relating to our licensed patents or patent applications, even if resolved in our favor, could be substantial, especially given our early stage of development. Our ability to enforce our patent protection could be limited by our financial resources and may be subject to lengthy delays. A third party may claim that we are using inventions claimed by their patents and may go to court to stop us from engaging in our normal operations and activities, such as research, development and the sale of any future products. Such lawsuits are expensive and would consume significant time and other resources. There is a risk that a court will decide that we are infringing the third party's patents and will order us to stop the activities claimed by the patents. In addition, there is a risk that a court will order us to pay the other party damages for having infringed their patents.

Moreover, there is no guarantee that any prevailing patent owner would offer us a license so that we could continue to engage in activities claimed by the patent, or that such a license if made available to us, could be acquired on commercially acceptable terms. In addition, third parties may, in the future, assert other intellectual property infringement claims against us with respect to our services, technologies or other matters.

We have limited foreign intellectual property rights and may not be able to protect our intellectual property rights throughout the world.

We have limited intellectual property rights outside the United States. Filing, prosecuting and defending patents on devices in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property to the same extent as laws in the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patents to develop their own products and further, may export otherwise infringing products to territories where we have patents, but enforcement is not as strong as that in the United States.

Many companies have encountered significant problems in protecting and defending intellectual property in foreign jurisdictions. The legal systems of certain countries, particularly China and certain other developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property, particularly those relating to medical devices and biopharmaceutical products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. To date, we have not sought to enforce any issued patents in these foreign jurisdictions. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. The requirements for patentability may differ in certain countries, particularly developing countries. Certain countries in Europe and developing countries, including China and India, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In those countries, we and our licensors may have limited remedies if patents are infringed or if we or our licensors are compelled to grant a license to a third party, which could materially diminish the value of those patents. This could limit our potential revenue opportunities. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

We rely on confidentiality agreements that could be breached and may be difficult to enforce, which could result in third parties using our intellectual property to compete against us.

Although we believe that we take reasonable steps to protect our intellectual property, including the use of agreements relating to the non-disclosure of confidential information to third parties, as well as agreements that purport to require the disclosure and assignment to us of the rights to the ideas, developments, discoveries and inventions of our employees and consultants while we employ them, the agreements can be difficult and costly to enforce. Although we seek to enter into these types of agreements with our contractors, consultants, advisors and research collaborators, to the extent that employees and consultants utilize or independently develop intellectual property in connection with any of our projects, disputes may arise as to the intellectual property rights associated with our technology. If a dispute arises, a court may determine that the right belongs to a third party. In addition, enforcement of our rights can be costly and unpredictable. We also rely on trade secrets and proprietary know-how that we seek to protect in part by confidentiality agreements with our employees, contractors, consultants, advisors or others. Despite the protective measures we employ, we still face the risk that:

- these agreements may be breached;
- these agreements may not provide adequate remedies for the applicable type of breach;
- our proprietary know-how will otherwise become known; or
- our competitors will independently develop similar technology or proprietary information.

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

We may be subject to claims that former employees, collaborators or other third parties have an interest in our patents or other intellectual property as an inventor or co-inventor. For example, we may have inventorship disputes arise from conflicting obligations of consultants or others who are involved in developing our product candidates. Litigation may be necessary to defend against these and other claims challenging inventorship. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees. In addition, the Israeli Supreme Court ruled in 2012 that an employee who receives a patent or contributes to an invention during his employment may be allowed to seek compensation for such contributions from his or her employer, even if the employee's contract of employment specifically states otherwise and the employee has transferred all intellectual property rights to the employer. The Israeli Supreme Court ruled that the fact that a contract revokes an employee's right for royalties and compensation, does not rule out the right of the employee to claim their right for royalties. As a result, it is unclear whether and, if so, to what extent our employees may be able to claim compensation with respect to our future revenue. We may receive less revenue from future products if any of our employees successfully claim for compensation for their work in developing our intellectual property, which in turn could impact our future profitability.

Risks Related to Our Industry

We face intense competition in the self-monitoring of blood glucose market, and as a result we may be unable to effectively compete in our industry.

With our first product, Dario, we compete directly and primarily with large pharmaceutical and medical device companies such as Abbott Laboratories, Asensia (formerly Bayer Diabetes Care), Johnson & Johnson LifeScan, Roche Diagnostics and Sanofi. The first four of these companies has a combined majority market share of the BGMS business and strong research and development capacity for next-generation products. Their dominant market position since the late 1990s, and significant control over the market could significantly limit our ability to introduce Dario or effectively market and generate sales of the product. We will also compete with numerous second-tier and third-tier competitors.

We only recently commenced sales of our products, and most of our competitors have long histories and strong reputations within the industry. They have significantly greater brand recognition, financial and human resources than we do. They also have more experience and capabilities in researching and developing testing devices, obtaining and maintaining regulatory clearances and other requirements, manufacturing and marketing those products than we do. There is a significant risk that we may be unable to overcome the advantages held by our competition, and our inability to do so could lead to the failure of our business and the loss of your investment.

Competition in the BGMS markets is extremely intense, which can lead to, among other things, price reductions, longer selling cycles, lower product margins, loss of market share and additional working capital requirements. To succeed, we must, among other critical matters, gain consumer acceptance for Dario and potential future devices incorporating our principal technology and offer better strategic concepts, technical solutions, prices and response time, or a combination of these factors, than those of other competitors. If our competitors offer significant discounts on certain products, we may need to lower our prices or offer other favorable terms in order to compete successfully. Moreover, any broad-based changes to our prices and pricing policies could make it difficult to generate revenues or cause our revenues, if established, to decline. Some of our competitors may bundle certain software products offering competing applications for diabetes management at low prices for promotional purposes or as a long-term pricing strategy. These practices could significantly reduce demand for Dario or potential future products or constrain prices we can charge. Moreover, if our competitors develop and commercialize products that are more effective or desirable than Dario or the other products that we may develop, we may not convince our customers to use our products. Any such changes would likely reduce our commercial opportunity and revenue potential and could materially adversely impact our operating results.

If we fail to respond quickly to technological developments our products may become uncompetitive and obsolete.

The BGMS market and other markets in which we plan to compete experience rapid technological developments, changes in industry standards, changes in customer requirements and frequent new product introductions and improvements. If we are unable to respond quickly to these developments, we may lose competitive position, and Dario or any other device or technology may become uncompetitive or obsolete, causing revenues and operating results to suffer. In order to compete, we must develop or acquire new devices and improve our existing device on a schedule that keeps pace with technological developments and the requirements for products addressing a broad spectrum and designers and designer expertise in our industries. We must also be able to support a range of changing customer preferences. For instance, as non-invasive technologies become more readily available in the market, we may be required to adopt our platform to accommodate the use of non-invasive or continuous blood glucose sensors. We cannot guarantee that we will be successful in any manner in these efforts.

If third-party payors do not provide adequate coverage and reimbursement for the use of Dario, our revenue will be negatively impacted.

In the United States and other jurisdictions such as Germany and England, we expect that Dario's test strips should generally be available for full or partial patient reimbursement by third-party payers. Our success in marketing Dario depends and will depend in large part on whether U.S. and international government health administrative authorities, private health insurers and other organizations adequately cover and reimburse customers for the cost of our products.

In the United States, we expect to derive nearly all our sales from sales of Dario from direct to consumer cash sales as well as retail pharmacy and DME distributors who typically bill various third-party payors, including Medicare, Medicaid, private commercial insurance companies, health maintenance organizations and other healthcare-related organizations, to cover all or a portion of the costs and fees associated with Dario and bill patients for any applicable deductibles or co-payments. Access to adequate coverage and reimbursement for Center for Medicare and Medicaid Services (CMS) procedures using Dario (and our other products in development) by third-party payors is essential to the acceptance of our products by our customers.

Third-party payors, whether foreign or domestic, or governmental or commercial, are developing increasingly sophisticated methods of controlling healthcare costs. In addition, in the United States, no uniform policy of coverage and reimbursement for medical device products and services exists among third-party payors. Therefore, coverage and reimbursement for medical device products and services can differ significantly from payor to payor. In addition, payors continually review new technologies for possible coverage and can, without notice, deny coverage for these new products and procedures. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be obtained, or maintained if obtained.

Reimbursement systems in international markets vary significantly by country and by region within some countries, and reimbursement approvals must be obtained on a country-by-country basis. In many international markets, a product must be approved for reimbursement before it can be approved for sale in that country. Further, many international markets have government-managed healthcare systems that control reimbursement for new devices and procedures. For example, the government healthcare system in the Netherlands, New Zealand and Israel have not yet approved reimbursement of Dario. In most markets, there are private insurance systems as well as government-managed systems. If sufficient coverage and reimbursement are not available for our current or future products, in either the United States or internationally, the demand for our products and our revenues will be adversely affected.

Risks Related to Our Operations in Israel

Potential political, economic and military instability in the State of Israel, where our management team and our research and development facilities are located, may adversely affect our results of operations.

Our operating subsidiary, along with our management team and our research and development facilities, is located in Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect our business and operations. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our operations and results of operations. The hostilities involved missile strikes against civilian targets in various parts of Israel, including areas in which our employees and some of our consultants are located, and negatively affected business conditions in Israel. Our offices, located in Caesarea, Israel, are within the range of the missiles and rockets that have been fired at Israeli cities and towns from Gaza sporadically since 2006, with escalations in violence (such as the recent escalation in July 2014) during which there were a substantially larger number of rocket and missile attacks aimed at Israel. In addition, since February 2011, Egypt has experienced political turbulence and an increase in terrorist activity in the Sinai Peninsula. Such political turbulence and violence may damage peaceful and diplomatic relations between Israel and Egypt, and could affect the region as a whole. Similar civil unrest and political turbulence has occurred in other countries in the region, including Syria which shares a common border with Israel, and is affecting the political stability of those countries. This instability and any outside intervention may lead to deterioration of the political and economic relationships that exist between the State of Israel and some of these countries, and may have the potential for causing additional conflicts in the region. In addition, Iran has threatened to attack Israel and is widely believed to be developing nuclear weapons. Iran is also believed to have a strong influence among extremist groups in the region, such as Hamas in Gaza, Hezbollah in Lebanon, and various rebel militia groups in Syria. Additionally, a violent jihadist group named Islamic State of Iraq and Levant (ISIL) is involved in hostilities in Iraq and Syria and have been growing in influence. Although ISIL's activities have not directly affected the political and economic conditions in Israel, ISIL's stated purpose is to take control of the Middle East, including Israel. These situations may potentially escalate in the future to more violent events which may affect Israel and us. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions and could harm our results of operations and could make it more difficult for us to raise capital. Parties with whom we do business may decline to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary in order to meet our business partners face to face. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements. Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial condition or the expansion of our business.

Our commercial insurance does not cover losses that may occur as a result of events associated with the security situation in the Middle East. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could harm our results of operations.

Further, the State of Israel and Israeli companies have been subjected to an economic boycott. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial condition or the expansion of our business.

Our operations may be disrupted as a result of the obligation of Israeli citizens to perform military service.

Many Israeli citizens are obligated to perform several days, and in some cases more, of annual military reserve duty each year until they reach the age of 40 (or older, for reservists who are military officers or who have certain occupations) and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be military reserve duty call-ups in the future. Our operations could be disrupted by such call-ups, which may include the call-up of members of our management. Such disruption could materially adversely affect our business, financial condition and results of operations.

Investors may have difficulties enforcing a U.S. judgment, including judgments based upon the civil liability provisions of the U.S. federal securities laws, against us, or our executive officers and directors or asserting U.S. securities laws claims in Israel.

Certain of our directors and officers are not residents of the United States and whose assets may be located outside the United States. Service of process upon us or our non-U.S. resident directors and officers and enforcement of judgments obtained in the United States against us or our non-U.S. our directors and executive officers may be difficult to obtain within the United States. We have been informed by our legal counsel in Israel that it may be difficult to assert claims under U.S. securities laws in original actions instituted in Israel or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws against us or our officers and directors because Israel may not be the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. Israeli courts might not enforce judgments rendered outside Israel, which may make it difficult to collect on judgments rendered against us or our officers and directors.

Moreover, among other reasons, including but not limited to, fraud or absence of due process, or the existence of a judgment which is at variance with another judgment that was given in the same matter if a suit in the same matter between the same parties was pending before a court or tribunal in Israel, an Israeli court will not enforce a foreign judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases) or if its enforcement is likely to prejudice the sovereignty or security of the State of Israel.

Risks Related to the Ownership of Our Common Stock and Warrants

Our officers, directors and founding stockholders may exert significant influence over our affairs, including the outcome of matters requiring stockholder approval.

As of the date of this Annual Report, our officers, directors and affiliated stockholders collectively have a beneficial ownership interest of approximately 40% of our Company. As a result, such individuals will have the ability, acting together, to control the election of our directors and the outcome of corporate actions requiring stockholder approval, such as: (i) a merger or a sale of our company, (ii) a sale of all or substantially all of our assets, and (iii) amendments to our certificate of incorporation and bylaws. This concentration of voting power and control could have a significant effect in delaying, deferring or preventing an action that might otherwise be beneficial to our other stockholders and be disadvantageous to our stockholders with interests different from those individuals. Certain of these individuals also have significant control over our business, policies and affairs as officers or directors of our company. Therefore, you should not invest in reliance on your ability to have any control over our company.

Our common stock has less liquidity than many other stocks listed on the Nasdaq Capital Market.

Historically, the trading volume of our common stock has been relatively low when compared to larger companies listed on the Nasdaq Capital Market or other stock exchanges. While we have experienced increased liquidity in our stock during the year ended December 31, 2019, we cannot say with certainty that a more active and liquid trading market for our common stock will continue to develop. Because of this, it may be more difficult for shareholders to sell a substantial number of shares for the same price at which shareholders could sell a smaller number of shares.

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

The trading market for our common stock or warrants may be influenced by the research and reports that securities or industry analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our common stock or warrants adversely, or provide more favorable relative recommendations about our competitors, the price of our common stock or warrants would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the price of our common stock or warrants or trading volume to decline.

The market price of our common stock and warrants may be significantly volatile.

The market price for our common stock and warrants may be significantly volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly or annual operating results;
- changes in financial or operational estimates or projections;
- conditions in markets generally;
- changes in the economic performance or market valuations of companies similar to ours; and
- general economic or political conditions in the United States or elsewhere.

In particular, the market prices for securities of mHealth and medical device have historically been particularly volatile. Some of the factors that may cause the market price of our common stock and warrants to fluctuate include:

- any delay in or the results of our clinical trials;
- any delay in manufacturing of our products;
- any delay with the approval for reimbursement for the patients from their insurance companies;
- our failure to comply with regulatory requirements;
- the announcements of clinical trial data, and the investment community’s perception of and reaction to those data;
- the results of clinical trials conducted by others on products that would compete with ours;

- any delay or failure to receive clearance or approval from regulatory agencies or bodies;
- our inability to commercially launch products or market and generate sales of our products, including Dario;
- failure of Dario or any other products, even if approved for marketing, to achieve any level of commercial success;
- our failure to obtain patent protection for any of our technologies and products (including those related to Dario) or the issuance of third-party patents that cover our proposed technologies or products;
- developments or disputes concerning our product's intellectual property rights;
- our or our competitors' technological innovations;
- general and industry-specific economic conditions that may affect our expenditures;
- changes in market valuations of similar companies;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures, capital commitments, new technologies, or patents;
- future sales of our common stock or other securities, including shares issuable upon the exercise of outstanding warrants or otherwise issued pursuant to certain contractual rights;
- period-to-period fluctuations in our financial results; and
- low or high trading volume of our common stock due to many factors, including the terms of our financing arrangements.

In addition, if we fail to reach important research, development or commercialization milestone or result by a publicly expected deadline, even if by only a small margin, there could be a significant impact on the market price of our common stock and warrants. Additionally, as we approach the announcement of anticipated significant information and as we announce such information, we expect the price of our common stock and warrants to be particularly volatile, and negative results would have a substantial negative impact on the price of our common stock and warrants.

In some cases, following periods of volatility in the market price of a company's securities, stockholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm our business operations and reputation.

Shares eligible for future sale may adversely affect the market for our common stock and warrants.

From time to time, certain of our stockholders may be eligible to sell all or some of their shares of common stock by means of ordinary brokerage transactions in the open market pursuant to Rule 144, promulgated under the Securities Act, subject to certain limitations. In general, pursuant to Rule 144, after satisfying a six month holding period: (i) affiliated stockholder (or stockholders whose shares are aggregated) may, under certain circumstances, sell within any three month period a number of securities which does not exceed the greater of 1% of the then outstanding shares of common stock or the average weekly trading volume of the class during the four calendar weeks prior to such sale and (ii) non-affiliated stockholders may sell without such limitations, provided we are current in our public reporting obligations. Rule 144 also permits the sale of securities by non-affiliates that have satisfied a one year holding period without any limitation or restriction. Any substantial sale of our common stock pursuant to Rule 144 or pursuant to any resale report may have a material adverse effect on the market price of our securities.

Our compliance with complicated U.S. regulations concerning corporate governance and public disclosure is expensive. Moreover, our ability to comply with all applicable laws, rules and regulations is uncertain given our management's relative inexperience with operating U.S. public companies.

As a publicly reporting company, we are faced with expensive and complicated and evolving disclosure, governance and compliance laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act and the Dodd-Frank Act, and, to the extent we complete our anticipated public offering, the rules of the Nasdaq Stock Market. New or changing laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. As a result, our efforts to comply with evolving laws, regulations and standards of a U.S. public company are likely to continue to result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, our executive officers have little experience in operating a U.S. public company, which makes our ability to comply with applicable laws, rules and regulations uncertain. Our failure to company with all laws, rules and regulations applicable to U.S. public companies could subject us or our management to regulatory scrutiny or sanction, which could harm our reputation and stock price.

If we fail to maintain effective internal control over financial reporting, the price of our common stock may be adversely affected.

Our internal control over financial reporting may have weaknesses and conditions that could require correction or remediation, the disclosure of which may have an adverse impact on the price of our common stock. We are required to establish and maintain appropriate internal control over financial reporting. Failure to establish those controls, or any failure of those controls once established, could adversely affect our public disclosures regarding our business, prospects, financial condition or results of operations. In addition, management's assessment of internal control over financial reporting may identify weaknesses and conditions that need to be addressed in our internal control over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in our internal control over financial reporting or disclosure of management's assessment of our internal control over financial reporting may have an adverse impact on the price of our common stock.

Anti-takeover provisions in our charter documents and Delaware law could discourage, delay or prevent a change in control of our company and may affect the trading price of our common stock and warrants.

We are a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change in control would be beneficial to our existing stockholders. In addition, our certificate of incorporation and bylaws may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. Our certificate of incorporation and bylaws:

- authorize the issuance of "blank check" preferred stock that could be issued by our Board of Directors to thwart a takeover attempt;
- provide that vacancies on our Board of Directors, including newly created directorships, may be filled only by a majority vote of directors then in office;
- provide that special meetings of stockholders may only be called by our Chairman, Chief Executive Officer and/or President or other executive officer, our Board of Directors or a super-majority (66 2/3%) of our stockholders;
- place restrictive requirements (including advance notification of stockholder nominations and proposals) on how special meetings of stockholders may be called by our stockholders;
- do not provide stockholders with the ability to cumulate their votes; and
- provide that our Board of Directors or a super-majority of our stockholders (66 2/3%) may amend our bylaws.

We do not currently intend to pay dividends on our common stock in the foreseeable future, and consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never declared or paid cash dividends on our common stock and do not anticipate paying any cash dividends to holders of our common stock in the foreseeable future. Consequently, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which our stockholders have purchased their shares.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

We do not own any real property. Currently, we maintain our headquarters at 8 HaTokhen St., Caesarea Industrial Park, 3088900, Israel. On September 8, 2016, we signed a lease agreement for these headquarters' facilities for a period of 5 years commencing upon the completion of construction of the new office building. We moved into these offices during November 2017. The rental agreement will be extended automatically for an additional 60 months following expiration of the initial term. The monthly rent and management services under this lease are approximately $17,317. In December 2017 we signed a lease agreement for our new U.S. headquarters facilities in New York, New York for a monthly rent and management services of approximately $3,708.

Item 3. Legal Proceedings

We are currently not a party to any pending legal proceeding, nor is our property the subject of a pending legal proceeding, that we believe is not ordinary routine litigation incidental to our business or otherwise material to the financial condition of our business.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is quoted on the Nasdaq Capital Market under the symbol "DRIO". Our warrants to purchase common stock are quoted on the Nasdaq Capital Market under the symbol "DRIOW".

Record Holders

As of March 2, 2020, we had 249 stockholders of record of our common stock.

Dividends

We have never paid any cash dividends on our common stock. We anticipate that we will retain funds and future earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, capital requirements and other factors that our Board of Directors deems relevant. In addition, the terms of any future debt or credit financings may preclude us from paying dividends.

Securities Authorized for Issuance Under Equity Compensation Plans as of December 31, 2019:

The following table provides information as of December 31, 2019, with respect to options outstanding under the Company's Amended and Restated 2012 Equity Incentive Plan (the "2012 Equity Incentive Plan") and the Company's other equity compensation arrangements.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
Equity compensation plans approved by security holders	145,155	$ 54.03	146,180
Equity compensation plans not approved by security holders *	607	$ 2,522.91	-
Equity compensation plans not approved by security holders **	213	$ 2,502.00	-
Equity compensation plans not approved by security holders ***	1,966	$ 115.20	-
Equity compensation plans not approved by security holders ****	139	$ 140.40	-
Total	148,080	$ 68.56	146,180

* In March 2013, our Board adopted a non-employee director's remuneration policy.

** On May 2014, our Board approved the grant of non-plan options to the Company's Scientific Advisory Board ("SAB"). These options have an exercise price of $2,502.00 vest in 4 quarterly installments in arrears, have a cashless exercise feature and a ten-year term.

*** In September 2015, our Board approved the grant of non-plan options to our Board members and members of our SAB. These options have an exercise price of $115.20 per share, one-third vesting immediately and the balance vest over 8 quarterly installments, have a cashless exercise feature and a six-year term.

**** In December 2015, our Board approved the grant of non-plan options to a member of the SAB. The options to the SAB member have an exercise price of $140.40 per share, and vest over a three-year period. One third vest after one year and the balance vest over 8 quarterly installments after the first anniversary; these options have a cashless exercise feature and a six-year term.

On January 23, 2012, our Board of Directors and a majority of the holders of our then outstanding shares of our common stock adopted our 2012 Equity Incentive Plan (which includes both U.S. and Israeli sub-plans). On January 23, 2012, an Israeli sub-plan was adopted under our 2012 Equity Incentive Plan, which sets forth the terms for the grant of stock awards to Israeli employees or Israeli non-employees. The sub-plan was adopted in accordance with the amended sections 102 and 3(i) of Israel's Income Tax Ordinance. The sub-plan is part of the 2012 Equity Incentive Plan and subject to the same terms and conditions. On September 26, 2016 and November 30, 2016, respectively, our Board of Directors and stockholders approved an amendment to the 2012 Equity Incentive Plan increasing the number of shares of common stock available under the plan to 1,873,000 as well as amended the 2012 Equity Incentive Plan to permit grants of shares of common stock. On February 2, 2017 and March 9, 2017, respectively, our Board of Directors and stockholders approved an amendment to the 2012 Equity Incentive Plan increasing the number of shares of common stock available under the plan to 2,373,000. On October 9, 2017 and December 4, 2017, respectively, our Board of Directors and stockholders approved an amendment to the 2012 Equity Incentive Plan increasing the number of shares of common stock available under the plan to 3,873,000. On March 26, 2018 and May 18, 2018, respectively, our Board of Directors and stockholders approved an amendment to the 2012 Equity Incentive Plan increasing the number of shares of common stock available under the plan to 5,373,000. On October 7, 2018 and November 29, 2018, respectively, our Board of Directors and stockholders approved an amendment to the 2012 Equity Incentive Plan increasing the number of shares of common stock available under the plan to 7,873,000. On September 3, 2019 and November 6, 2019, respectively, our Board of Directors and stockholders approved an amendment to the 2012 Equity Incentive Plan increasing the number of shares of common stock available under the plan to 12,373,000 (618,650 post reverse split). On December 26, 2019 and February 5, 2020, respectively, our Board of Directors and stockholders approved an amendment to the 2012 Equity Incentive Plan increasing the number of shares of common stock available under the plan to 1,968,650. Following amendments, there are currently 345,673 shares of Common Stock reserved for issuance under the 2012 Equity Incentive Plan.

The purpose of our 2012 Equity Incentive Plan is to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons in our development and financial achievements. The 2012 Equity Incentive Plan will be administered by the Compensation Committee of our Board of Directors or by the full board, which may determine, among other things, the (a) terms and conditions of any option or stock purchase right granted, including the exercise price and the vesting schedule, (b) persons who are to receive options and stock purchase rights and (c) the number of shares to be subject to each option and stock purchase right. The 2012 Equity Incentive Plan will provide for the grant of (i) "incentive" options (qualified under section 422 of the Internal Revenue Code of 1986, as amended) to employees of our company and (ii) non-qualified options to directors and consultants of our company. In addition, our Board of Directors has authorized the appointment of Tamir Fishman Equity Plan Services to act as a trustee for grants of options under the Israeli sub-plan to Israeli residents.

In connection with the administration of our 2012 Equity Incentive Plan, our Compensation Committee will:

- determine which employees and other persons will be granted awards under our 2012 Equity Incentive Plan;
- grant the awards to those selected to participate;
- determine the exercise price for options; and
- prescribe any limitations, restrictions and conditions upon any awards, including the vesting conditions of awards.

Our Compensation Committee will: (i) interpret our 2012 Equity Incentive Plan; and (ii) make all other determinations and take all other action that may be necessary or advisable to implement and administer our 2012 Equity Incentive Plan.

The 2012 Equity Incentive Plan provides that in the event of a change of control event, the Compensation Committee or our Board of Directors shall have the discretion to determine whether and to what extent to accelerate the vesting, exercise or payment of an award.

In addition, our Board of Directors may amend our 2012 Equity Incentive Plan at any time. However, without stockholder approval, our 2012 Equity Incentive Plan may not be amended in a manner that would:

- increase the number of shares that may be issued under our 2012 Equity Incentive Plan;
- materially modify the requirements for eligibility for participation in our 2012 Equity Incentive Plan;
- materially increase the benefits to participants provided by our 2012 Equity Incentive Plan; or
- otherwise disqualify our 2012 Equity Incentive Plan for coverage under Rule 16b-3 promulgated under the Exchange Act.

Awards previously granted under our 2012 Equity Incentive Plan may not be impaired or affected by any amendment of our 2012 Equity Incentive Plan, without the consent of the affected grantees.

Option Exercises

To date, no options have been exercised by our directors or officers.

Unregistered Sales of Equity Securities and Use of Proceeds

During the fourth quarter of 2019, we issued an aggregate 625 shares of our common stock to certain of our service providers as compensation to them for services rendered. We claimed exemption from registration under the Securities Act of 1933, as amended, or the Securities Act, for the foregoing transactions under Section 4(a)(2) of the Securities Act.

Item 6. Selected Financial Data

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation

Readers are advised to review the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes and other financial information included elsewhere in this Annual Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. See "Cautionary Note Regarding Forward-Looking Statements". You should review the "Risk Factors" section of this Annual Report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a leading Global Digital Therapeutics (DTx) company revolutionizing the way people manage their health across the chronic condition spectrum by delivering evidence-based interventions that are driven by precision data analytics, high quality software, and personalized coaching. We empower individuals to make healthy adjustments to their daily lifestyle choices in a personalized way and improve their overall health. Our cross-functional team operates at the intersection of life science, behavioral science, and software technology to deliver highly engaging therapeutic interventions. With 4.9/5.0 stars from 9,000+ reviews on the Apple App Store as of March 2020, the Dario™ Blood Sugar Monitor's user-centric approach is loved by tens of thousands of customers around the globe. We are rapidly expanding solutions for additional chronic conditions such as hypertension, using a performance-based approach to improve the health of users managing chronic disease.

Our flagship product, Dario, which we also refer to as our Dario Smart Diabetes Management Solution, is a mobile, real-time, cloud-based, diabetes management solution based on an innovative, multi-feature software application to track and monitor all facets of diabetes, combined with a stylish, 'all-in-one', pocket-sized, blood glucose monitoring device, which we call the Dario Blood Glucose Monitoring System, that essentially turns a smartphone into a glucometer. In addition, our product offerings will focus on the newly launched DarioEngage software platform, where we digitally engage with Dario users, assist them in monitoring their chronic illnesses and provide them with coaching, support, digital communications and real time alerts, trends and pattern analysis. The DarioEngage platform can be leveraged by our potential partners, such as clinics, health care service providers, employers and payers for scalable monitoring of people with diabetes in a cost-effective manner, which we expect will open for us additional revenue streams. Finally, we intend to utilize the data we obtain from our Dario Smart Diabetes Management Solution and DarioEngage platform to develop our upcoming healthcare analytics program, Dario Intelligence. As such, we intend to develop our solutions such that they will span the full spectrum of disease monitoring, user-centric engagement, coaching tools, and big data and intelligence solutions. We have obtained regulatory clearance or approval for the Dario Blood Glucose Monitoring System in the U.S., Canada, the E.U., Israel and Australia, among others. We believe that our targeted health platform is a highly personalized preventative and proactive approach to health improvement based on individual behavior and treatment, tailored to each person's unique profile.

Our principal operating subsidiary, LabStyle Innovation Ltd., is an Israeli company with its headquarters in Caesarea, Israel. We were formed on August 11, 2011 as a Delaware corporation.

We commenced a commercial launch of our free application in the United Kingdom in late 2013 and commenced an initial soft launch of the full Dario solution (including the app and the Dario Blood Glucose Monitoring System) in selected jurisdictions in March 2014. We continued to scale up launch during 2014 in the United Kingdom, the Netherlands and New Zealand, and during 2015 in Australia, Israel and Canada, with the goal of collecting customer feedback to refine our longer-term roll-out strategy. We are consistently adding new additional features and functionality in making Dario the new standard of care in diabetes data management.

Through our Israeli subsidiary, Labstyle Innovation Ltd., our plan of operations is to continue the development of our software and hardware offerings and related technology. During 2015, we successfully launched the Dario Smart Diabetes Management Solution according to plan and are currently expanding the launch to other jurisdictions. In 2016, we established our direct to consumer model in the U.S. to achieve higher and faster penetration into the market during the launch phase. We have invested in a robust digital marketing department with in-house platforms, experienced personnel and robust infrastructures to support expected growth of users and online subscribers in this market. During the third quarter of 2016 we expanded these efforts to include Australia as well. In 2017, we expanded our direct to consumer marketing efforts in the United Kingdom in cooperation with our local distributor and launched similar marketing efforts in Germany. In support of these goals, we intend to utilize our funds for the following activities:

- ramp up of mass production, marketing and distribution and sales efforts related to the Dario Smart Diabetes Management Solution and the DarioEngage platform;
- develop our customer support and telemarketing services in order to support the expect growth of our revenues and the increase of user, and service provider who will use our platform to better serve people with diabetes and improve their clinical outcome;
- continued product and software development, and related activities (including costs associated with application development and data storage capabilities as well as any necessary design modifications to the various elements of the Dario Smart Diabetes Management Solution, the DarioEngage platform and the Dario Intelligence tools and capabilities);
- continued work on registration of our patents worldwide;
- Regulatory and quality assurance matters;
- professional fees associated with being a publicly reporting company; and
- general and administrative matters.

In September 2019 we formed a strategic alliance with Dance Biopharm Holdings, Inc., a clinical-stage company reimagining the treatment of chronic diseases with inhaled therapies to expand access to a personalized digital health management platform for patients with chronic diseases.

Also in September 2019, we received a notice of allowance from the U.S. Patent and Trademark Office titled "Systems and Methods for Enabling Optical Transmission of Data Between a Sensor and a Smart Device." The patent will allow us to develop paired smartphone devices that can collect and analyze real-time medical data and provide immediate and highly detailed, personalized data reports to the user. Once collected, this data can be shared with healthcare providers through the DarioEngage platform to facilitate digital health interventions based on the data analysis.

Readers are cautioned that, according to our management's estimates, based on our budget and the initial launch of our commercial sales, we believe that we will have sufficient resources to continue our activity only into June 2021 without raising additional capital. This includes an amount of anticipated inflows from sales of Dario through direct sales in the United States and through distribution partners. As such, we have a significant present need for capital. If we are unable to scale up our commercial launch of Dario or meet our commercial sales targets (or if we are unable to ramp up revenues), and if we are unable to obtain additional capital resources in the near term, we may be unable to continue activities, absent a material alternations in our business plans and our business might fail.

Critical Accounting Policies

Our consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Our fiscal year ends December 31.

This Management's Discussion and Analysis of Financial Condition and Results of Operations discuss our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires making 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 consolidated financial statements, as well as the reported revenues and expenses for the reporting periods. On an ongoing basis, we evaluate such estimates and judgments. 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 (perhaps significantly) from these estimates under different assumptions or conditions.

While all the accounting policies impact the consolidated financial statements, certain policies may be viewed to be critical. Our management believes that the accounting policies which involve more significant judgments and estimates used in the preparation of our consolidated financial statements, include revenue recognition, inventories, liability related to certain warrants, and accounting for production lines and its related useful life and impairment.

Revenue Recognition

We derive our revenue principally from:

- sale of our products, device-specific disposables test strip cartridges, lancets and our Dario Blood Glucose Monitoring System through distributors or directly to end users;
- revenue from providing Remote Patient Monitoring services to healthcare providers through the DarioEngage platform; and
- revenue from ongoing membership programs, providing our users personalized diabetes management programs, including lifestyle changes, healthy eating, advanced tracking and live coaching.

Revenue is recognized under the five-step methodology in accordance with Accounting Standards Codification ("ASC") - ASC 606, which requires us to identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations identified, and recognize revenue when (or as) each performance obligation is satisfied.

Revenue from product sales is recognized in the period in which the products are provided to customers. Revenues are recognized when control of the promised products is transferred to customers, in an amount that reflects the consideration to which we expect to receive from patients.

Revenues from ongoing membership programs and Remote Patient Monitoring services are recognized for each individual performance obligation when delivery has occurred, by fulfillment of product and service to costumer. Our revenues are recognized in the period in which services and related products are provided to customers and are recorded either at a point in time for the sale of products, or over the fixed service period for membership. The fee paid in upfront, fixed or determinable, the allocation of the transaction price to each performance obligations product and service based on the best estimate of selling price which is established considering several internal factors including, but not limited to, historical sales, pricing practices and geographies in which we offer our products.

Inventories

Inventory write-down is measured as the difference between the cost of the inventory and net realized value based upon assumptions about future demand, and is charged to the cost of sales. At the point of the loss recognition, a new, lower-cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

If there were to be a sudden and significant decrease in demand for our products or if there were a higher incidence of inventory obsolescence because of rapidly changing technology and customer requirements, we could be required to increase our inventory write-downs and our gross margin could be adversely affected. Inventory and supply chain management remain areas of focus as we balance the need to maintain supply chain flexibility, to help ensure competitive lead times with the risk of inventory obsolescence.

During the year ended December 31, 2019, total inventory write-off expenses amounted to $62,000.

Production Lines

Capitalization of Costs. We capitalize direct incremental costs of third-party manufacturers related to the equipment in our production lines. We cease construction cost capitalization relating to our production lines once they are ready for its intended use and held available for occupancy. All renovations and betterments that extend the economic useful lives of assets and/or improve the performance of the production lines are capitalized.

Useful Lives of Assets. We are required to make subjective assessments as to the useful lives of our production lines for purposes of determining the amount of depreciation to record on an annual basis with respect to our construction of the production lines. These assessments have a direct impact on our net income (loss). Production lines are usually depreciated on a straight-line basis over a period of up to seven years, except any renovations and betterments which are depreciated over the remaining life of the production lines.

Impairment of production lines. We are required to review our production lines for impairment in accordance with ASC 360, “Property, Plant and Equipment,” whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Results of Operations

Comparison of the Year Ended December 31, 2019 to Year Ended December 31, 2018

Revenues

Revenues for the year ended December 31, 2019 amounted to $7,559,000, compared to $7,394,000 during the year ended December 31, 2018.

Revenues generated during the year ended December 31, 2019 were derived mainly from the sales of the Dario Blood Glucose Monitoring System, through direct sales to consumers located mainly in the United States through our on-line store and through distributors, and from the offering of our membership services to our customers located mainly in the United States. This increase in revenues is mainly due to the increase in sales of our membership offering compared to 2018.

Cost of Revenues

During the years ended December 31, 2019 and 2018, we recorded costs related to revenues in the amount of $4,962,000 and $5,629,000, respectively. The decrease in cost of revenues was mainly due to the increase in the sales of our membership offerings, which includes a service component in addition to our products, and therefore resulted in a reduction in the quantities of product sold compared to 2018.

Cost of revenues consist mainly of cost of device production, employees' salaries and related overhead costs, depreciation of production line and related cost of equipment used in production, shipping and handling costs and inventory write-downs.

Research and Development Expenses

Our research and development expenses increased by $16,000 to $3,692,000 for the year ended December 31, 2019 compared to $3,676,000 for the year ended December 31, 2018. This increase was mainly due to increase in salaries, partially offset by software development costs.

Research and development expenses consist mainly of payroll expenses to employees involved in research and development activities, expenses related to our Dario Smart Diabetes Management Solution, expenses related to the development of our DarioEngage platform, labor contractors and engineering expenses, depreciation and maintenance fees related to equipment and software tools used in research and development, clinical trials performed in the United States to satisfy the FDA product approval requirements and facilities expenses associated with and allocated to research and development activities.

Sales and Marketing

Our sales and marketing expenses increased by $818,000 to $11,127,000 for the year ended December 31, 2019 compared to $10,309,000 for the year ended December 31, 2018. This increase was mainly due to the increase in salaries and, expenses on digital marketing campaigns in the U.S.

Sales and marketing expenses consist mainly of payroll expenses, trade show expenses, customer support expenses and on-line marketing campaigns.

General and Administrative Expenses

Our general and administrative expenses increased by $15,000 to $5,483,000 for the year ended December 31, 2019 compared to $5,468,000 for the year ended December 31, 2018. The increase was mainly due to an increase in franchise taxes.

Our general and administrative expenses consist mainly of payroll and stock-based compensation expenses for management, employees, directors and consultants, legal fees, patent registration, expenses related to investor relations, as well as our office rent and related expenses.

Finance income (expenses), net

Our finance expenses, net, decreased by $84,000 to $31,000 for the year ended December 31, 2019 compared to $115,000 financing expenses for the year ended December 31, 2018. Finance expenses include mainly the results of bank charges, lease liability translation differences, and foreign currency translation adjustments.

Net loss

Net loss for the year ended December 31, 2019 was $17,736,000. Net loss for the year ended December 31, 2018 was $17,803,000. The decrease from 2018 was mainly due to the increase in our gross profit.

Net operating loss carryforwards

As of December 31, 2019, we had U.S. federal net operating loss carryforwards of approximately $11,046,000, of which 7,120,000 was generated from tax years 2011-2017 and can be carryforward and offset against taxable income and that expires during the years 2031 to 2037.

On December 22, 2017, the U.S. Tax Cuts and Jobs Act of 2017 (the "TCJA") modified the rules regarding utilization of net operating loss and net operating losses generated subsequent to the TCJA can only be used to offset 80% of taxable income with an indefinite carryforward period for unused carryforwards (i.e., they should not expire). During 2018 and 2019, we generated additional $3,926,000 of net operating losses carryforwards which are not subject to the annual limitation described above.

Our Israeli subsidiary has accumulated net operating losses for Israeli income tax purposes as of December 31, 2019 in the amount of approximately $62,470,000. The net operating losses may be carried forward and offset against taxable income in the future for an indefinite period.

In accordance with U.S. GAAP, it is required that a deferred tax asset be reduced by a valuation allowance if, based on the weight of available evidence it is more likely than not (a likelihood of more than 50 percent) that some portion or all of the deferred tax assets will not be realized. The valuation allowance should be sufficient to reduce the deferred tax asset to the amount which is more likely than not to be realized. As a result, we recorded a valuation allowance with respect to our deferred tax asset. Under Sections 382 and 383 of the Internal Revenue Code, if an ownership change occurs with respect to a "loss corporation" (as defined in the Internal Revenue Code), there are annual limitations on the amount of the net operating loss and other deductions which are available to us.

The factors described above resulted in net loss attributable to common stockholders of $20,891,000 and $18,296,000 for the year ended December 31, 2019 and 2018, respectively.

Non-GAAP Financial Measures

To supplement our consolidated financial statements presented in accordance with U.S. GAAP within this Annual Report on Form 10-K, management provides certain non-GAAP financial measures ("NGFM") of the Company's financial results, including such amounts captioned: "net loss before interest, taxes, depreciation, and amortization" or "EBITDA," and "Non-GAAP Adjusted Loss," as presented herein below. Importantly, we note the NGFM measures captioned "EBITDA" and "Non-GAAP Adjusted Loss" are not recognized terms under U.S. GAAP, and as such, they are not a substitute for, considered superior to, considered separately from, nor as an alternative to, U.S. GAAP and /or the most directly comparable U.S. GAAP financial measures.

Such NGFM are presented with the intent of providing greater transparency of information used by us in our financial performance analysis and operational decision-making. Additionally, we believe these NGFM provide meaningful information to assist investors, shareholders, and other readers of our consolidated financial statements, in making comparisons to our historical financial results, and analyzing the underlying financial results of our operations. The NGFM are provided to enhance readers' overall understanding of our current financial results and to provide further information to enhance the comparability of results between the current year period and the prior year period.

We believe the NGFM provide useful information by isolating certain expenses, gains, and losses, which are not necessarily indicative of our operating financial results and business outlook. In this regard, the presentation of the NGFM herein below, is to help the reader of our consolidated financial statements to understand the effects of the non-cash impact on our (U.S. GAAP) unaudited statement of operations of the revaluation of the warrants and the expense related to stock-based compensation, each as discussed herein above.

A reconciliation to the most directly comparable U.S. GAAP measure to NGFM, as discussed above, is as follows:

	Year Ended December 31, (in thousands)		
	2019	2018	$ Change
Net Loss Reconciliation			
Net loss attributable to common stockholders	$ (20,891)	$ (18,296)	$ (2,595)
Deemed dividend – related to preferred shares issued	3,155	-	3,155
Deemed dividend – related to Warrant Exchange Agreement	-	493	(493)
Net loss - as reported	(17,736)	(17,803)	67
Adjustments			
Depreciation expense	183	207	(24)
Other financial expenses, net	31	115	(84)
EBITDA	(17,522)	(17,481)	(41)
Stock-based compensation expenses	2,257	3,758	(1,501)
Revaluation of warrants	-	(1)	1
Non-GAAP adjusted loss	$ (15,265)	$ (13,724)	$ (1,541)

Liquidity and Capital Resources

As of December 31, 2019, we had approximately $20,395,000 in cash and cash equivalents compared to $10,997,000 at December 31, 2018.

We have experienced cumulative losses of $110,145,000 from inception (August 11, 2011) through December 31, 2019, and have a stockholders' equity of $18,894,000 at December 31, 2019. In addition, we have not completed our efforts to establish a stable recurring source of revenues sufficient to cover our operating costs and expect to continue to generate losses for the foreseeable future. There are no assurances that we will be able to obtain an adequate level of financing needed for our near term requirements or the long-term development and commercialization of our product. These conditions raise substantial doubt about our ability to continue as a "going concern."

Since inception, we have financed our operations primarily through private placements and public offerings of our common stock and warrants to purchase shares of our common stock, receiving aggregate net proceeds totaling $96,426,000 as of December 31, 2019.

On March 3, 2016, we conducted a public offering, pursuant to which we issued 66,667 shares of common stock and warrants exercisable for an aggregate of 66,667 shares of common stock for an aggregate net consideration of $5,038,000.

Concurrently with our public offering, on March 3, 2016, we conducted a concurrent private placement pursuant to which we issued 27,778 units, with each unit consisting of one share of common stock and one warrant to purchase 1.2 shares of common stock, such that an aggregate of 27,778 shares of common stock and a warrant to exercisable for an aggregate of 33,334 shares of common stock was issued and sold for an aggregate net consideration of approximately $2,500,000.

On January 9, 2017, we commenced a private placement offering of up to $5,100,000 consisting of up to 91,072 shares of common stock and warrants to purchase up to 91,072 shares of common stock. The warrants are exercisable after the six month anniversary of each respective closing and will expire on the 5 year anniversary of their issuance. On January 9, 2017, we held the initial closing of the offering with a lead investor and an additional investor and issued and sold 55,697 shares of Common Stock and Warrants to purchase 55,697 shares of common stock for aggregate gross proceeds of approximately $3,119,000. On January 11, 2017, we entered into securities purchase agreements with 18 investors for the future issuance and sale of 35,376 shares of common stock and warrants to purchase 707,515 shares of common stock, provided that the issuance and sale of such securities shall only occur upon our obtaining stockholder approval, pursuant to Nasdaq rules. On March 9, 2017, following receipt of stockholder approval, we issued and sold 35,376 shares of common stock and warrants to purchase 707,515 shares of common stock to the 18 investors.

On March 31, 2017, we conducted a public offering, pursuant to which we issued 72,500 shares of common stock for aggregate gross consideration of $4,500,000.

Between August 16, 2017 and August 22, 2017, we executed securities purchase agreements with a total of 23 accredited and non-U.S. investors relating to two concurrent placement offerings of 24,167 shares of our common stock at a purchase price of $36.00 per share and 115,383 shares of our designated Series B Preferred Stock at a purchase price of $36.00 per share, for aggregate gross proceeds of approximately $5,000,000. The closing of the offering took place on August 22, 2017.

On February 28, 2018 and March 6, 2018, we closed two concurrent private placements offerings consisting of 113,110 shares of our common stock at $28.00 per share, 61,704 shares of our Series C Convertible Preferred Stock at $56.00 per share and warrants to purchase up to 189,218 shares of common stock for aggregate gross proceeds of approximately $6,623,000.

On September 13, 2018 and September 26, 2018, we closed two concurrent private placements offerings consisting of 213,340 shares our common stock at $18.00 per share, 94,513 shares of our Series D Convertible Preferred Stock at $72.00 per share and warrants to purchase up to 473,114 shares of common stock, for aggregate gross proceeds of approximately $10,645,000.

On December 13, 2018 and December 27, 2018, we closed a private placement offering of 152,504 shares of our common stock at a purchase price of $20.00 per share and warrants to purchase up to 152,500 shares of our common stock at $25.00 per share for aggregate gross proceeds of approximately $3,050,000.

On November 27, 2019, we entered into subscription agreements with accredited investors relating to an offering with respect to the sale of an aggregate of 8,361 shares of newly designated Series A Convertible Preferred Stock and an aggregate of 5,200 shares of newly designated Series A-1 Convertible Preferred Stock, at a purchase price of $1,000 for each share of Series A Preferred Stock and Series A-1 Preferred Stock, for aggregate gross proceeds to the Company of $13,560,000. The initial closing of the offering took place on November 27, 2019. On December 3, 2019, we entered into subscription agreements with accredited investors relating to an offering and the sale of an aggregate of 1,915 shares of newly designated Series A-2 Preferred Stock, at a purchase price of $1,000 per share, for aggregate gross proceeds to the Company of $1,915,000. On December 4, 2019, we into subscription agreements with accredited investors relating to an offering and the sale of an aggregate of 3,808 shares of newly designated Series A-3 Preferred Stock, at a purchase price of $1,000 per share, for aggregate gross proceeds to the Company of $3,808,000. On December 5, 2019, we entered into subscription agreements with accredited investors relating to an offering and the sale of an aggregate of 745 shares of newly designated Series A-4 Preferred Stock, at a purchase price of $1,000 per share, for aggregate gross proceeds to the Company of $745,000. On December 19, 2019, we entered into subscription agreements with accredited investors relating to an offering and the sale of an aggregate of 1,346 shares of newly designated Series A-3 Preferred Stock, at a purchase price of $1,000 per share, for aggregate gross proceeds to the Company of $1,346,000. The total aggregate gross proceeds of the offering described above, together with gross proceeds from the closing of the offering of Series A Preferred Stock, Series A-1 Preferred Stock, Series A-2 Preferred Stock, Series A-3 Preferred Stock and Series A-4 Preferred Stock was $21,375,000.

According to our management's estimates, based on our budget and the initial launch of our commercial sales, we believe that we will have sufficient resources to continue our activity into June 2021 without raising additional capital. This includes an amount of anticipated inflows from sales of Dario through distribution partners and to direct customers.

As such, we have a significant present need for capital. If we are unable to scale up our commercial launch of Dario or meet our commercial sales targets (or if we are unable to generate any revenue at all), and if we are unable to obtain additional capital resources in the near term, we may be unable to continue activities absent material alterations in our business plans and our business might fail.

Additionally, readers are advised that available resources may be consumed more rapidly than currently anticipated, resulting in the need for additional funding sooner than expected. Should this occur, we will need to seek additional capital earlier than anticipated in order to fund (1) further development and, if needed (2) our efforts to obtain regulatory clearances or approvals necessary to be able to commercially launch Dario, DarioEngage and Dario Intelligence, (3) expenses which will be required in order to expand manufacturing of our products, (4) sales and marketing efforts and (5) general working capital. Such funding may be unavailable to us on acceptable terms, or at all. Our failure to obtain such funding when needed could create a negative impact on our stock price or could potentially lead to the failure of our company. This would particularly be the case if we are unable to commercially distribute our products and services in the jurisdictions and in the timeframes we expect.

Cash Flows

The following tables sets forth selected cash flow information for the periods indicated:

	December 31,	
	2019	2018
	$	$
Cash used in operating activities:	(15,725,000)	(11,470,000)
Cash used in investing activities:	(113,000)	(72,000)
Cash provided by financing activities:	25,247,000	18,743,000

Net cash used in operating activities

Net cash used in operating activities was $15,725,000 for the year ended December 31, 2019 compared to $11,470,000 used in operations for the same period in 2018. Cash used in operations increased mainly due to an increase in our operating expenses, and offset by a decrease in our trade payables and other accounts payable and accrued expenses.

Net cash used in investing activities

Net cash used for investing activities was $113,000 for the year ended December 31, 2019 compared to cash used in investing activities of $72,000 for the year ended December 31, 2018. Cash used in investing activities increased mainly due to higher investment in fixed assets.

Net cash provided by financing activities

Net cash provided by financing activities was $25,247,000 for the year ended December 31, 2019 compared to $18,743,000 for the year ended December 31, 2018. During the year ended December 31, 2019, we raised net proceeds in an amount of approximately $25,247,000 through our May and December 2019 offerings.

Contractual Obligations

Set forth below is a summary of our current obligations as of December 31, 2019 to make future payments due by the period indicated below, excluding payables and accruals. We expect to be able to meet our obligations in the ordinary course. Operating lease obligations are for motor vehicle and real property leases which we use in our business. Purchasing obligations consists of outstanding purchase orders for materials and services from our vendors.

	Payments due by period (U.S. dollars)		
Contractual Obligations	**Total**	**Less than 1 year**	**1-5 years**
Operating Lease Obligations	$ 1,001	$ 422	$ 579
Purchasing Obligations	1,305	1,305	-
Total contractual cash obligations	$ 2,306	$ 1,727	$ 579

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements as defined under Securities and Exchange Commission rules.

Contingencies

We account for our contingent liabilities in accordance with ASC 450 “Contingencies“. A provision is recorded when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

With respect to legal matters, provisions are reviewed and adjusted to reflect the impact of negotiations, estimated settlements, legal rulings, advice of legal counsel and other information and events pertaining to a particular matter. Currently, we are not a party to any ligation that we believe could have a material adverse effect on our business, financial position, results of operations or cash flows.

Recently Issued and Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the "FASB") issued ASC 606. The standard replaced the revenue recognition guidance in U.S. generally accepted accounting principles under ASC 605, and was required to be applied retrospectively to each prior period presented or applied using a modified retrospective method with the cumulative effect recognized in the beginning retained earnings during the period of initial application. Subsequently, the FASB issued several additional Accounting Standard Updates (each an "ASU") related to ASU No. 2014-09, collectively referred to as the "new revenue standards," which became effective for us beginning January 1, 2019. We adopted the standard using the modified retrospective method. The adoption of ASC 606 did not have a significant impact on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (Topic 842) ("ASC 842"). The standard requires lessees to recognize almost all leases on the balance sheet as a right-of-use ("ROU") asset and a lease liability and requires leases to be classified as either an operating or a finance type lease. The standard excludes leases of intangible assets or inventory. The standard became effective for us beginning January 1, 2019. We adopted ASC 842 using the modified retrospective approach, by applying the new standard to all leases existing at the date of initial application. Results and disclosure requirements for reporting periods beginning after January 1, 2019 are presented under ASC 842, while prior period amounts have not been adjusted and continue to be reported in accordance with our historical accounting under ASC 840. We elected the package of practical expedients permitted under ASC 842, which also allowed us to carry forward historical lease classifications. We also elected the practical expedient related to treating lease and non-lease components as a single lease component for all equipment leases as well as electing a policy exclusion permitting leases with an original lease term of less than one year to be excluded from the ROU assets and lease liabilities.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This guidance is effective from the first quarter of 2019.

In June 2018, the FASB issued ASU 2018-07, "Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting." This ASU supersedes ASC 505-50, "Equity—Equity Based Payments to Non-Employees," and expands the scope of ASC 718, "Compensation—Stock Compensation," to include all share-based payment arrangements related to the acquisition of goods and services from both nonemployees and employees. The standard became effective for us beginning January 1, 2019. The adoption of this guidance did not have a material impact on our consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements and notes thereto and the report of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, our independent registered public accounting firm, are set forth on pages F-1 through F-28 of this Annual Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, at December 31, 2019, such disclosure controls and procedures were effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Internal Controls

Readers are cautioned that our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our control have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any control design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

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

Management's Report on Internal Control Over Financial Reporting

As required by the SEC rules and regulations, our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external reporting purposes in accordance with U.S. GAAP. Our internal control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect errors or misstatements in our consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of our internal control over financial reporting at December 31, 2018. In making these assessments, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on our assessments and those criteria, management determined that we maintained effective internal control over financial reporting at December 31, 2019.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following sets forth information regarding our executive officers and the members of our Board of Directors as of the date of this Annual Report. All directors hold office for one-year terms until the election and qualification of their successors. Officers are appointed by our Board of Directors and serve at the discretion of our Board of Directors, subject to applicable employment agreements.

Name	Age	Position(s)
Erez Raphael	46	Chief Executive Officer and Director
Zvi Ben David	59	Chief Financial Officer, Treasurer and Secretary
Dror Bacher	45	Chief Operating Officer
Richard Anderson	50	President and General Manager of North America
Yoav Shaked	48	Chairman of the Board of Directors
Yalon Farhi	58	Director
Allen Kamer	48	Director
Hila Karah	51	Director
Dennis M. McGrath	63	Director
Yadin Shemmer	44	Director
Adam Stern	55	Director
Prof. Richard B. Stone	77	Director

Erez Raphael has served as our Chief Executive Officer since August 9, 2013 and as a director of our company since December 2013. Mr. Raphael served as Chairman of the Board of Directors from November 2014 to July 2018, and as a director from November 2014 to the present. He previously and until October 2012 served as our Vice President of Research and Development. Mr. Raphael has over 17 years of industry experience, having been responsible in his career for product delivery, technology and business development. Prior to joining us, from 2010 to 2012, Mr. Raphael served as Head of Business Operations for Nokia Siemens Networks, where he was responsible for establishing and implementing a new portfolio business unit directed towards marketing and sales of complimentary products. Prior to that, from 1998 to 2010, he held increasingly senior positions at Amdocs Limited (Nasdaq:DOX) where he was ultimately responsible for advising the Chief Technology Officer and implementing matters of overall business strategy. Mr. Raphael holds a B.A. in economics and business management from Haifa University. We believe Mr. Raphael is qualified to serve on our Board of Directors because of his extensive experience with technology companies and in sales and marketing.

Zvi Ben David has served as our Chief Financial Officer, Treasurer and Secretary since January 7, 2015. Mr. Ben David has over 25 years of experience in corporate and international financial management, including at both publicly-listed and private companies. Since 2012, he has acted as an independent entrepreneur with, and investor in, various medical device ventures. From 2005 to 2012, Mr. Ben David served as the Chief Financial Officer of UltraShape Medical Ltd., a developer, manufacturer and marketer of innovative non-invasive technologies for fat cell destruction and body sculpting. While with UltraShape, he helped lead the company through $35 million in private financing, followed by the company's merger with a Tel Aviv Stock Exchange company and ultimately the company's sale to Syneron Medical Ltd.. From 2000 to 2005, he served as Vice President and Chief Financial Officer of Given Imaging Ltd., where he was part of the management team that led that company's 2001 initial public offering and 2004 follow-on offering, and served as a director of that company from its establishment in 1998 to 2000. From 1995 to June 2000, Mr. Ben David served as Vice President and Chief Financial Officer of RDC Rafael Development Corporation, one of Given Imaging Ltd.'s principal shareholders. From 1994 to 1995, Mr. Ben David served as manager of the finance division of Electrochemical Industries (Frutarom) Ltd., an Israeli company traded on the Tel-Aviv Stock Exchange and the American Stock Exchange, and from 1989 to 1993, Mr. Ben David served as the manager of that company's economy and control department. From 1984 to 1988, Mr. Ben David worked at Avigosh & Kerbs, an accounting firm in Haifa, Israel. Mr. Ben David is a certified public accountant in Israel and holds a B.A. in economics and accounting from Haifa University.

Dror Bacher has served as our Chief Operating Officer since July 25, 2017. Mr. Bacher previously served as our Vice President of Research and Development as well as Vice President of Operations since 2013 where he worked on product development as well as building a scalable supply chain. Mr. Bacher has over 18 years of experience in various technological companies and his expertise includes product management, product development and business operations in multi disciplinary environments. Between 2008 and 2013, Mr. Bacher Served in several leadership roles at Amdocs Limited (Nasdaq:DOX), including working as a part of the Chief Technology Office, managing enterprise development programs for a variety of software products associated with service delivery, as well as serving as head of process Prior to Amdocs, Mr. Bacher served in a senior role at Tower Semiconductor (Nasdaq:TSEM), the global specialty foundry leader for IC manufacturing, where he was responsible for business operations and commercialization expansion. Mr. Bacher holds a B.Sc. in computer science and an MBA degree from Haifa University.

Richard Anderson has served as our President and General Manager of North America since January 7, 2020. Mr. Jarry has served on our Advisory Board and as a Strategic Advisory consultant since 2017. From November 2003 to December 2019, Mr. Anderson worked for Catasys, Inc. (Nasdaq: CATS), where he served as President and Chief Operating Officer from July 2008 to December 2019, and as a member of its board of directors from November 2003 to July 2019. Prior to Catasys, Inc., Mr. Anderson served as Senior Executive Vice President of Hythiam, Inc., a predecessor company of Catasys, Inc., from 2005 to 2008. From 1999 to 2005, he also served as Chief Financial Officer and Secretary of Clearant, Inc., a biotechnology company. Prior to Clearant, from 1999 to 2001, he served as the Chief Financial Officer and Managing Director of Intellect Capital Group, a venture consulting firm. Earlier in his career, Mr. Anderson was a Senior Manager/Director for Price Waterhouse Cooper. Mr. Anderson holds a B.A. in Business Economics from the University of California at Santa Barbara.

Yoav Shaked has served as the Chairman of our Board of Directors since July 5, 2018. Since 2011, Mr. Shaked has served as a partner at Sequoia Capital, a leading global venture capital firm. In 2005, he co-founded Medpoint Ltd., a private medical device distribution company offering a wide range of medical products. Previously, he founded and served as Chief Executive Officer of Y-Med Inc. from May 2004 through November 2009, until its sale to C.R. Bard, Inc. After the sale of Y-Med Inc., Mr. Shaked served as the director of research at ThermopeutiX, a developer of innovative products for strokes and peripheral artery disease. Mr. Shaked currently serves on the board of directors of several biotechnology companies, including Endospan, Vibrant Gastro, B-Lite (G&G Biotechnology) and Orasis Pharmaceuticals, the latter of which he serves as Chairman of the Board. Mr. Shaked has a B.A. in biology from The Hebrew University of Jerusalem. The Company believes that Mr. Shaked is qualified to serve as Chairman of the Board because of his extensive experience both in biotechnology companies and in the venture capital realm.

Yalon Farhi has been a director of our company since May 31, 2016. Since 1998, Mr. Farhi, a Colonel in the Israeli Defense Forces (reserves), has served as a motivational lecturer and educator at Bnei-David Institutions, a pre-army and post-army educational program in Israel. From 1998 to January 2016, Mr. Farhi worked as an administrative manager for El-Ami, a non-governmental organization in Israel. Previously, from 1988 to 1992, Mr. Farhi served as a private security consultant to several security companies in Israel. In addition, for the past thirty years, Mr. Farhi has been the owner of a private gardening and land development services company based in Israel. Mr. Farhi received a degree in Education Studies and holds a Teaching Certificate from the Moreshet Yaacov College in Jerusalem. We believe Mr. Farhi is qualified to serve on our Board of Directors because of his business expertise and experience.

Allen Kamer has been a director of our company since February 28, 2017. Since September 2016, Mr. Kamer serves as a managing partner at OurCrowd, a digital health fund. From January 2014 until June 2016, Mr. Kamer served as Chief Commercial Officer, or CCO, of Optum Analytics, a division within Optum, Inc., United Healthcare's health services unit. Optum Analytics was focused on converting health information to health intelligence and delivering solutions that improve care delivery, quality and cost-effectiveness. As the CCO, Mr. Kamer led the group's commercialization efforts of analytics software products and solutions, including the award-winning Optum OneTM, to U.S. provider and payer organizations. In July 2008, Mr. Kamer was co-founder of the Humedica Inc., which was acquired by United Healthcare in January 2013. As co-founder, Mr. Kamer helped lead efforts to raise capital, hire the management team, and launch the business. Mr. Kamer led Corporate Development & Marketing at Humedica, Inc., and was responsible for formulating and managing the company's strategic partnerships, all marketing & branding activities, and new business opportunities. Mr. Kamer has a B.A. from Brandeis University. We believe Mr. Kamer is qualified to serve on our Board of Directors because of his business expertise and experience with life sciences companies.

Hila Karah has been a director of our company since November 23, 2014. Ms. Karah is an independent business consultant and an investor in several high-tech, biotech and internet companies. From 2006 to 2013, she served as a partner and Chief Investment Officer of Eurotrust Ltd., a family office. From 2002 to 2005, she served as a research analyst at Perceptive Life Sciences Ltd., a New York-based hedge fund. Prior to that, Ms. Karah served as research analyst at Oracle Partners Ltd., a health care-focused hedge fund. Ms. Karah has served as a director in several private and public companies including Intec Pharma, since 2009 and Cyren Ltd since 2008. We believe Ms. Karah is qualified to serve on our Board of Directors because of her experience as an investor in and advisor to high-tech, biotech and internet companies. Ms. Karah holds a B.A. in Molecular and Cell Biology from the University of California, Berkeley, and studied at the University of California, Berkeley-University of California, San Francisco Joint Medical Program.

Dennis M. McGrath has been a director of our company since November 12, 2013. Mr. McGrath is a seasoned medical device industry executive with extensive public company leadership experience possessing a broad range of skills in corporate finance, business development, corporate strategy, operations and administration. After an 18 year career at PhotoMedex, Inc. (Nasdaq: PHMD), he recently joined PAVmed, Inc (Nasdaq: PAVM, PAVMW) as the its Executive Vice President and Chief Financial Officer. Previously, from 2000 to 2017 Mr. McGrath served in several senior level positions of PhotoMedex, Inc. (Nasdaq: PHMD), a global manufacturer and distributor of medical device equipment and services, including from 2011 to 2017 as director, President, and Chief Financial Officer. Prior to PhotoMedex's reverse merger with Radiancy, Inc. in December 2011, he also served as Chief Executive Officer from 2009 to 2011 and served as Vice President of Finance and Chief Financial Officer from 2000 to 2009. He received honors as a P.A.C.T. (Philadelphia Alliance for Capital and Technology) finalist for the 2011 Investment Deal of the Year, award winner for the SmartCEO Magazine 2012 CEO of the Year for Turnaround Company, and finalist for the Ernst & Young 2013 Entrepreneur of the Year. He has extensive experience in mergers and acquisitions, both domestically and internationally, and particularly involving public company acquisitions, including Surgical Laser Technologies, Inc, (formerly, Nasdaq: SLTI), ProCyte Corporation (formerly, Nasdaq: PRCY), LCA Vision, Inc. (formerly, Nasdaq: LCAV) and Think New Ideas, Inc. (formerly, Nasdaq: THNK). Prior to PhotoMedex, he served in several senior level positions of AnswerThink Consulting Group, Inc. (then, Nasdaq: ANSR, now, The Hackett Group, Nasdaq: HCKT), a business consulting and technology integration company, including from 1999 to 2000 as Chief Operating Officer of the Internet Practice, the largest division of AnswerThink Consulting Group, Inc., while concurrently during the merger of the companies, serving as the acting Chief Financial Officer of Think New Ideas, Inc. (then, Nasdaq: THNK, now, Nasdaq: HCKT), an interactive marketing services and business solutions company. Mr. McGrath also served from 1996 until 1999 as Chief Financial Officer, Executive Vice President and director of TriSpan, Inc., an internet commerce solutions and technology consulting company, which was acquired by AnswerThink Consulting Group, Inc. in 1999. During his tenure at Arthur Andersen & Co., where he began his career, he became a Certified Public Accountant in 1981 and he holds a B.S., maxima cum laude, in accounting from LaSalle University. In addition to serving as a director of PhotoMedex, he serves as the audit chair and a director of several medical device companies, including Noninvasive Medical Technologies, Inc. and Cagent Vascular, LLC, and as an advisor to the board of an orphan drug company, Palvella Therapeutics, LLC. Formerly from 2007 to 2009, Mr. McGrath served as a director of Embrella Cardiovascular, Inc. (sold to Edwards Lifesciences Corporation, NYSE: EW). He also serves on the Board of Trustees for Manor College and the Board of Visitors for Taylor University. We believe Mr. McGrath is qualified to serve on our Board of Directors because of his accounting expertise and his experiences serving as an officer and director of public and private companies.

Yadin Shemmer has been a director of our company since March 1, 2020. Mr. Shemmer, age 44, has served in several senior operating roles across the digital health industry. From 2017 until 2019, Mr. Shemmer served as Chief Executive Officer of Mango Health, a mobile platform for medication management and patient support. Prior to Mango Health, Mr. Shemmer was President of the consumer business at Everyday Health (NYSE: EVDY), a leading provider of digital health and wellness solutions. Previously, Yadin co-founded Better2Know, a digital platform enabling access to diagnostic services in the United Kingdom. Mr. Shemmer began his career at Broadview International, a boutique investment bank serving the information technology industry. He holds an M.B.A from London Business School and a B.A from the University of Pennsylvania. We believe Mr. Shemmer is qualified to serve on our Board of Directors because of his experiences serving as an officer of companies in the digital health space.

Adam Stern has been a director of our company since March 1, 2020. Mr. Stern, age 55, has been the head Private Equity Banking at Aegis Capital Corp. and CEO of SternAegis Ventures since 2012 and was a member of our board of directors between October 2011 and May 2014. Prior to Aegis, from 1997 to November 2012, he was with Spencer Trask Ventures, Inc., most recently as a Senior Managing Director, where he managed the structured finance group focusing primarily on the technology and life science sectors. Mr. Stern held increasingly responsible positions from 1989 to 1997 with Josephthal & Co., Inc., members of the New York Stock Exchange, where he served as Senior Vice President and Managing Director of Private Equity Marketing. He has been a FINRA licensed securities broker since 1987 and a General Securities Principal since 1991. Mr. Stern is a director of Aerami Therapeutics Holdings (formerly Dance Biopharm, Inc.), Matinas BioPharma Holdings, Inc. Adgero Biopharmaceuticals Holdings and Hydrofarm Holdings Group, Inc. Mr. Stern is a former director of InVivo Therapeutics Holdings Corp. (OTCQB: NVIV), Organovo Holdings, Inc. (NYSE MKT: ONVO) and PROLOR Biotech Ltd., which was sold to Opko Health, Inc. (NYSE: OPK) for approximately $600 million in 2013. Mr. Stern holds a Bachelor of Arts degree with honors from The University of South Florida in Tampa. We believe Mr. Stern is qualified to serve on our Board of Directors because of his experience in the capital markets, his experiences serving as a director of public and private companies and his experience with life sciences companies.

Prof. Richard B. Stone has been a director of our company since July 7, 2014. For more than twenty-five years, Prof. Stone has been active participant in early stage business enterprises as a director or investor, including technology and biotechnology companies. He currently serves on the board of directors of multiple technology companies, including Powermat, Espro-Accoustiguide Group, Wellsense Technologies, NanoX Imaging Plc, Illumigyn Ltd, Cardiologic Innovations, Quality Inflow Ltd., and Check-Cap. Since 1974, Prof. Stone has been a member of the faculty of Columbia Law School, where he held the Wilbur Friedman Chair in Tax Law for twenty years. In addition to basic and advanced tax courses, Prof. Stone has taught in the areas of contracts, business planning and real estate planning. Among other not-for-profit organizations he has been associated with, from 2011 to 2013, Prof. Stone served as Chairman of the Conference of Presidents of Major American Jewish Organizations. Prof. Stone began his career in 1967 in private practice in Washington, D.C, and thereafter joined the staff of the Solicitor General of the United States, where from 1969 to 1973 he was Assistant to the Solicitor General. He is a graduate of Harvard College and Harvard Law School. We believe Prof. Stone is qualified to serve on our Board of Directors because of his legal expertise and experience with life sciences companies.

Scientific Advisory Board

We have established a Scientific Advisory Board (SAB), whose members will be available to us to advise on our scientific and business plans and operational strategies. Below is the biography of our current SAB member.

Prof. Itamar Raz is a world renowned expert in diabetes care and research. He currently services as the head of the Diabetes Unit of Hadassah Hebrew University Medical Center in Jerusalem, the head of the Israel National Council of Diabetes of the Israel Ministry of Health (which is responsible for formulating Israeli national policies), the President of D-Cure, a diabetes not-for-profit organization and the head of the Israel Diabetes Research Group. He also serves as a member of Advisory Boards at Novo Nordisk (NYSE: ADR), Astra Zeneca/Bristol-Myers Squibb (NYSE: BMY), Sanofi (NYSE: SNY), Merck Sharp & Dohme (NYSE: MRK), and Eli Lilly (NYSE: LLY) and as a consultant for InsuLine Medical Ltd, Andromeda Biotech Ltd and Astra Zeneca/Bristol-Myers Squibb. Prof. Raz has published over 260 research papers including biennial publications of a Supplement to Diabetes Care summarizing proceedings of the European Controversies to Consensus in Obesity, Diabetes and Hypertension (CODHy) meeting. He also holds editorial positions on a number of medical journals. Prof. Raz's medical career began in 1985 at Hadassah University Hospital as Senior Physician, specializing in Internal Medicine. From 1986 to 1992, Prof. Raz was head of Hebrew University Student Services, and in 1988 he was appointed Senior Lecturer at Hadassah University Hospital's Department of Internal Medicine. In 1989, Prof. Raz was appointed Chief Physician of Internal Medicine, and as head of the Diabetes Clinic at Hadassah University Hospital in 1992. In 1995, Prof. Raz became an Associate Professor at the Department of Internal Medicine, Hadassah University Hospital. In 2001, he was appointed Director of the hospital's Center for Prevention of Diabetes and its Complications. Since 2003, Prof. Raz has served as Professor of Internal Medicine at the Department of Internal Medicine, Hadassah University Hospital. Prof. Raz graduated from Hebrew University & Hadassah School of Pharmacy with a Bachelor of Science in 1973. In 1981, he graduated from Hebrew University & Hadassah School of Medicine with an M.D. and completed his residency at Hadassah University Hospital from 1981 to 1985, specializing in internal medicine.

Board Composition

Our business is managed under the direction of our Board of Directors. Our Board of Directors currently consists of nine members.

Pursuant to the terms of the placement agency agreement between us and Aegis Capital Corp., dated October 22, 2019, we granted Aegis the right to nominate an individual to the Board of Directors for a period of three years, which resulted in the appointment of Mr. Stern to serve on our Board of Directors.

There are no arrangements between our directors and any other person pursuant to which our directors were nominated or elected for their positions.

Board Committees

Our Board of Directors has three standing committees: An Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Audit Committee

Our Audit Committee is comprised of Messrs. Shaked, McGrath and Stone, each of whom is an independent director. Mr. McGrath is the Chairman of the Audit Committee. Mr. McGrath is an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K.

Our Audit Committee oversees our corporate accounting, financial reporting practices and the audits of financial statements. For this purpose, the Audit Committee has a charter (which is reviewed annually) and performs several functions. The Audit Committee charter is available on our website at www.mydario.com under the Investors / Governance section. The Audit Committee:

- evaluates the independence and performance of, and assesses the qualifications of, our independent auditor and engage such independent auditor;
- approves the plan and fees for the annual audit, quarterly reviews, tax and other audit-related services and approve in advance any non-audit service to be provided by our independent auditor;
- monitors the independence of our independent auditor and the rotation of partners of the independent auditor on our engagement team as required by law;
- reviews the financial statements to be included in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and reviews with management and our independent auditor the results of the annual audit and reviews of our quarterly financial statements; and
- oversees all aspects our systems of internal accounting control and corporate governance functions on behalf of the board.

Compensation Committee

Our Compensation Committee is comprised of Messrs. Shaked, McGrath and Ms. Karah. Mr. McGrath is the Chairman of the Compensation Committee.

The Compensation Committee reviews or recommends the compensation arrangements for our management and employees and also assists our Board of Directors in reviewing and approving matters such as company benefit and insurance plans, including monitoring the performance thereof. The Compensation Committee has a charter (which is reviewed annually) and performs several functions. The Compensation Committee charter is available on our website at www.mydario.com under the Investors / Governance section.

The Compensation Committee has the authority to directly engage, at our expense, any compensation consultants or other advisers as it deems necessary to carry out its responsibilities in determining the amount and form of employee, executive and director compensation.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee is currently comprised of Prof. Stone and Messrs. Kamer and Shaked. Prof. Stone is the Chairman of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee is charged with the responsibility of reviewing our corporate governance policies and with proposing potential director nominees to the Board of Directors for consideration. This committee also has the authority to oversee the hiring of potential executive positions in our company. The Nominating and Corporate Governance Committee operates under a written charter, which will be reviewed and evaluated at least annually.

Director Independence

Our Board of Directors has reviewed the materiality of any relationship that each of our directors has with us, either directly or indirectly. Based on this review, our Board of Directors has determined that Prof. Stone, Messrs. Kamer, Shaked, Farhi. McGrath and Shemmer and Ms. Karah are "independent directors" as defined in the Nasdaq Listing Rules and Rule 10A-3 promulgated under the Exchange Act.

Code of Ethics

On March 5, 2013, our Board of Directors adopted a Code of Business Conduct and Ethics and Insider Trading Policy. Our Code of Business Conduct and Ethics is available on our website at www.mydario.com under the Investors/Governance section.

Limitation of Directors Liability and Indemnification

The Delaware General Corporation Law authorizes corporations to limit or eliminate, subject to certain conditions, the personal liability of directors to corporations and their stockholders for monetary damages for breach of their fiduciary duties. Our certificate of incorporation limits the liability of our directors to the fullest extent permitted by Delaware law.

We have director and officer liability insurance to cover liabilities our directors and officers may incur in connection with their services to us, including matters arising under the Securities Act. Our certificate of incorporation and bylaws also provide that we will indemnify our directors and officers who, by reason of the fact that he or she is one of our officers or directors, is involved in a legal proceeding of any nature.

We have entered into indemnification agreements with our directors and officers pursuant to which we agreed to indemnify each director and officer for any liability he or she may incur by reason of the fact that he or she serves as our director or officer, to the maximum extent permitted by law.

There is no pending litigation or proceeding involving any of our directors, officers, employees or agents in which indemnification will be required or permitted. We are not aware of any threatened litigation or proceeding that may result in a claim for such indemnification.

Item 11. Executive Compensation

The following table summarizes compensation of our named executive officers, as of December 31, 2019 and 2018.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)*	Bonus ($)	Stock Awards	Option Awards ($)**	Non-equity incentive plan compensation	Non-qualified incentive plan compensation	All Other Compensation ($)	Total ($)
Erez Raphael	2019	$ 249,094(1)	$ 361,164(2)	$ 660,819(3)	$			$ 111,120(4)	$ 1,382,197
(Chief Executive Officer)	2018	$ 204,762(1)	$ 120,336(2)	$ 1,320,931(3)	$			$ 94,098(4)	$ 1,740,127
Zvi Ben David	2019	$ 133,172(5)		$ 120,294(6)	$			$ 42,128(7)	$ 295,594
(Chief Financial Officer)	2018	$ 131,610(5)		$ 387,649(6)	$			$ 41,328(7)	$ 560,587
Dror Bacher	2019	$ 153,759(8)	$ 28,882(9)	$ 67,929(10)	$			$ 66,796(11)	$ 317,366
(Chief Operating Officer)	2018	$ 139,060(8)	$ 26,203(9)	$ 382,231(10)	$			$ 60,955(11)	$ 608,449
Olivier Jarry	2019	$ 132,000(13)		$ 120,000(14)	$			$ 28,945(16)	$ 280,945
(President and Chief Commercial Officer) (12)	2018	$ 43,577(13)		$ 63,885(14)	$ 62,400(15)			$ 8,060(16)	$ 177,922

* Certain compensation paid by the company is denominated in New Israeli Shekel (or the NIS). Such compensation is calculated for purposes of this table based on the annual average currency exchange for such period.

** Amount shown does not reflect dollar amount actually received. Instead, this amount reflects the aggregate grant date fair value of each stock option granted in the fiscal years ended December 31, 2019 and December 31, 2018, computed in accordance with the provisions of ASC 718 "Compensation-Stock Compensation," or ASC 718. Assumptions used in accordance with ASC 718 are included in Note 9 to our consolidated financial statements included in this Annual Report.

(1) In accordance with his second amendment to the employment agreement with our company effective August 11, 2013, Mr. Raphael was entitled to a monthly salary of NIS 44,000, commencing April 1, 2016, his monthly salary was increased to NIS 80,000 (approximately $22,497 per month). On June 1, 2018, his monthly salary was increased to NIS 134,167 (approximately $37,730). During 2018 and 2019, Mr. Raphael agreed to a waiver of 45% of his cash salary according to our salary program (see further details in "Employment and Related Agreements" below).

(2) In June 2018, Mr. Raphael was paid a bonus of $120,336 for his performance during 2017. On June 2019, Mr. Raphael was paid a bonus of $110,006 for his performance during 2018 and on December 2019 Mr. Raphael was paid a bonus of $251,157 for the successful completion of the December 2019 Private Placement.

(3) On January 4, 2018, Mr. Raphael was granted 1,272 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from January to March 2018. On April 23, 2018, Mr. Raphael was granted 1,277 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from April to June 2018. On July 9, 2018, Mr. Raphael was granted 2,497 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from July to September 2018. On October 3, 2018, Mr. Raphael was granted 3,221 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from October to December 2018. On June 6, 2018, Mr. Raphael was granted 32,471 shares of our common stock under our 2012 Equity Incentive Plan, and 2,844 shares of our common stock under our 2012 Equity Incentive Plan, as a bonus, in lieu of cash, for the 2017 achievements of the Company.

On January 27, 2019, Mr. Raphael was granted 3,098 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from January to March 2019. On July 9, 2019, Mr. Raphael was granted 10,749 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from April to September 2019. On December 23, 2019, Mr. Raphael was granted 15,454 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from October to December 2019. On April 29, 2019, Mr. Raphael was granted 20,379 shares of our common stock under our 2012 Equity Incentive Plan, and 4,472 shares of our common stock under our 2012 Equity Incentive Plan, as a bonus, in lieu of cash, for the 2018 achievements of the Company.

(4) In addition to his salary, Mr. Raphael is entitled to receive a leased automobile and mobile phone during his employment as well as reimbursements for expenses accrued. These benefits, as well as other social benefits under Israeli law, are included as part of his "All Other Compensation."

(5) In accordance with his employment agreement with our company effective January 8, 2015, Mr. Ben David was initially entitled to a monthly salary and additional compensation (excluding social benefits under applicable Israeli law) of NIS 31,200 (approximately $8,774) for providing eighty percent of his working time to our company. Beginning on March 1, 2015, Mr. Ben David began working for us on a full-time basis pursuant to the terms of his employment agreement at which point Mr. Ben David's salary was increased to NIS 39,000 (approximately $10,967 per month, commencing April 1, 2016, his monthly salary was updated to NIS 60,000 (approximately $16,873), and commencing June 1, 2018, his monthly salary was updated to NIS 67,200 (approximately $18,898). During 2018 and 2019, Mr. Ben David agreed to a waiver of 39% and 42% respectively of his cash salary according to our salary program (see further details in "Employment and Related Agreements" below).

(6) On January 4, 2018, Mr. Ben David was granted 742 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from January to March 2018. On April 23, 2018, Mr. Ben David was granted 745 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from April to June 2018. On July 9, 2018, Mr. Ben David was granted 1,114 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from July to September 2018. On October 3, 2018 Mr. Ben David was granted 1,504 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from October to December 2018. On June 6, 2018, Mr. Ben David was granted 7,793 shares of our common stock under our 2012 Equity Incentive Plan, and 1,084 shares of our common stock under our 2012 Equity Incentive Plan, as a bonus, in lieu of cash, for the 2017 achievements of the Company.

On January 27, 2019, Mr. Ben David was granted 1,447 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from January to March 2019. On July 9, 2019, Mr. Ben David was granted 5,021 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from April to September 2019. On December 23, 2019 Mr. Ben David was granted 7,218 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from October to December 2019. On April 29, 2019, Mr. Ben David was granted 4,889 shares of our common stock under our 2012 Equity Incentive Plan, and 2,074 shares of our common stock under our 2012 Equity Incentive Plan, as a bonus, in lieu of cash, for the 2018 achievements of the Company.

(7) In addition to his salary, Mr. Ben David is entitled to receive a mobile phone during his employment as well as reimbursements for expenses accrued. These benefits, as well as other social benefits under Israeli law, are included as part of his "All Other Compensation."

(8) In accordance with his second amendment to the employment agreement with our company effective April 2016, Mr. Bacher was entitled to a monthly salary of NIS 48,000 (approximately $13,498 per month), commencing July 1, 2017, Mr. Dror was appointed as our Chief Operating Officer and his monthly salary was increased to NIS 55,000 (approximately $15,467 per month) and commencing June 1, 2018 his monthly salary was increased to NIS 61,490 (approximately $17,292 per month). During 2018 and 2019, Mr. Bacher agreed to a waiver of 29% and 26% of his cash salary respectively, according to our salary program (see further details in "Employment and Related Agreements" below).

(9) In June 2018, Mr. Bacher was paid a bonus of $26,203 for his performance during 2017. On June 2019, Mr. Bacher was paid a bonus of $28,882 for his performance during 2018.

(10) On January 4, 2018, Mr. Bacher was granted 565 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from January to March 2018. On April 23, 2018, Mr. Bacher was granted 567 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from April to June 2018. On July 9, 2018, Mr. Bacher was granted 673 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from July to September 2018. On October 3, 2018, Mr. Bacher was granted 954 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from October to December 2018. On June 6, 2018, Mr. Bacher was granted 7,992 shares of our common stock under our 2012 Equity Incentive Plan, and 309 shares of our common stock under our 2012 Equity Incentive Plan, as a bonus, in lieu of cash, for the 2017 achievements of the Company, and on April 23, 2018, Mr. Bacher was granted 1,623 shares of our common stock under our 2012 Equity Incentive Plan as a bonus in obtaining an FDA clearance for iPhone 7, 8 and X smartphone devices in the U.S.

On January 27, 2019, Mr. Bacher was granted 918 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from January to March 2019. On July 9, 2019, Mr. Bacher was granted 3,186 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from April to September 2019. On December 23, 2019, Mr. Bacher was granted 2,633 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from October to December 2019. On April 29, 2019, Mr. Bacher was granted 4,102 shares of our common stock under our 2012 Equity Incentive Plan, and 587 shares of our common stock under our 2012 Equity Incentive Plan, as a bonus, in lieu of cash, for the 2018 achievements of the Company.

(11) In addition to his salary, Mr. Bacher is entitled to receive a leased automobile and mobile phone during his employment as well as reimbursements for expenses accrued. These benefits, as well as other social benefits under Israeli law, are included as part of his "All Other Compensation."

(12) On January 7, 2020, Mr. Jarry was relieved from his duties as President and Chief Commercial Officer of the Corporation to a new role of Senior Vice President of Strategy and Business Development.

(13) In accordance with his employment agreement, effective in September 2018, Mr. Jarry was entitled to a monthly salary of $11,000. Mr. Jarry agreed to a waiver of 47% of his cash salary, according to our salary program (see further details in "Employment and Related Agreements" below).

(14) As part of his consulting agreement, commencing in March 2017 and expiring in August 2018, Mr. Jarry received a monthly consulting fee of $2,500 that was paid to him in shares of common stock. On April 23, 2018, Mr. Jarry was granted 328 shares of our common stock under our 2012 Equity Incentive Plan against waiver of cash consulting fee for the period from December 2017 to March 2018. On July 23, 2018, Mr. Jarry was granted 231 shares of our common stock in restricted shares against waiver of cash consulting fee for the period from April to June 2018. On November 22, 2018, Mr. Jarry was granted 205 shares of our common stock in restricted shares against waiver of cash consulting fee for the period July to August 2018, together with additional 150 shares granted to him a signature fee for signing his consulting agreement in 2017. On October 3, 2018, Mr. Jarry was granted 1,962 shares of our common stock under our 2012 Equity Incentive Plan, against waiver of cash salary for the period from September to December 2018.

On January 27, 2019, Mr. Jarry was granted 1,500 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from January to March 2019. On July 9, 2019, Mr. Jarry was granted 5,000 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from April to September 2019. On December 23, 2019, Mr. Jarry was granted 6,960 shares of our common stock under our 2012 Equity Incentive plan against waiver of cash salary for the period from October to December 2019.

(15) On November 22, 2018, Mr. Jarry was granted 6,000 options to purchase shares of our common stock which will vest over a three-year period from the grant date. One-third of the options will become fully vested and exercisable on the first anniversary elapsed from the grant date, and the balance will vest in eight equal quarterly installments following the first anniversary of the grant date, subject to Mr. Jarry's continued employment by the Company. We may grant Mr. Jarry additional options to purchase shares of common stock from time to time at the discretion of our Board of Directors or the Compensation Committee thereof (see further details in "Employment and Related Agreements" below).

(16) In addition to his salary, Mr. Jarry is entitled to participate in any and other benefit plans and programs that the Company may offer to its employees from time to time according to the terms of such plans and the Company's practices and policies as well as reimbursements for expenses accrued. These benefits are included as part of his "All Other Compensation."

All compensation awarded to our executive officers was independently reviewed by our Compensation Committee.

Employment and Related Agreements

Except as set forth below, we currently have no other written employment agreements with any of our officers and directors. The following is a description of our current executive employment agreements:

Erez Raphael, Chief Executive Officer and a Member of the Board of Directors – On August 30, 2013, LabStyle Innovation Ltd., our Israeli subsidiary, entered into an amendment to a Personal Employment Agreement with Mr. Raphael in connection with his August 2013 appointment as our President and Chief Executive Officer. Pursuant to the terms of his employment agreement as amended, Mr. Raphael is entitled to a monthly salary of NIS 134,167 (approximately $37,730 per month). During 2018 and 2019, Mr. Raphael agreed to a waiver of 45% of his cash salary according to our salary program pursuant to which Mr. Raphael received compensation shares of restricted common stock as consideration for cash salary waived.

On July 25, 2017, we, through our Israeli subsidiary, LabStyle Innovation Ltd., executed an Amended and Restated Employment Agreement with Mr. Raphael. Pursuant to the agreement, Mr. Raphael kept his monthly salary and shall be eligible for an annual bonus equal to up to 60% of his annual base salary. Mr. Raphael's employment agreement expires on December 31, 2020. In the event Mr. Raphael's employment agreement is terminated by us at will, by Mr. Raphael for good reason as provided thereby, or in conjunction with a change of control, Mr. Raphael shall be entitled to receive 24 months base salary and severance payment pursuant to applicable Israeli severance law, provided, however, that in the event such termination occurs during the final year of the term, or within the last 6 months of a renewal period of the term, Mr. Raphael shall be entitled to receive 12 months base salary and severance payment pursuant to applicable Israeli severance law. In the event the employment agreement is terminated by us for cause, Mr. Raphael will only be entitled to a severance pay under applicable Israeli severance law. Mr. Raphael's employment agreement also includes a one-year non-competition and non-solicitation provision, certain confidentiality covenants and assignment of any of his company-related inventions. Under the terms of the agreement, Mr. Raphael is entitled to certain expense reimbursements and other standard benefits, including vacation, sick leave, contributions to a manager's insurance policy and study fund and car and mobile phone allowances. On February 12, 2020, we extended the term of Mr. Raphael's employment to expire on December 31, 2022.

On January 4, 2018, the Compensation Committee of our Board of Directors approved the issuance to Mr. Raphael of 1,272 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $39,923 salary otherwise payable to Mr. Raphael from January to March 2018.

On April 23, 2018, the Compensation Committee of our Board of Directors approved the issuance to Mr. Raphael of 1,277 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $39,344 salary otherwise payable to Mr. Raphael from April to June 2018.

On July 8, 2018, the Compensation Committee of our Board of Directors approved the issuance to Mr. Raphael of 2,497 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $72,725 salary otherwise payable to Mr. Raphael from July to September 2018.

On October 3, 2018, the Compensation Committee of our Board of Directors approved the issuance to Mr. Raphael of 3,221 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $64,003 salary otherwise payable to Mr. Raphael from October to December 2018.

On January 27, 2019, the Compensation Committee of our Board of Directors approved the issuance to Mr. Raphael of 3,098 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $61,969 salary otherwise payable to Mr. Raphael from January to March 2019.

On July 9, 2019, the Compensation Committee of our Board of Directors approved the issuance to Mr. Raphael of 10,749 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $128,972 salary otherwise payable to Mr. Raphael from April to September 2019.

On December 23, 2019, the Compensation Committee of our Board of Directors approved the issuance to Mr. Raphael of 15,454 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $66,610 salary otherwise payable to Mr. Raphael from October to December 2019.

Zvi Ben David, Chief Financial Officer, Treasurer and Secretary – On January 8, 2015, LabStyle Innovation Ltd., our Israeli subsidiary, entered into a Personal Employment Agreement with Mr. Ben David. Pursuant to his employment agreement, Mr. Ben David was initially entitled to a monthly salary and additional compensation (excluding social benefits under applicable Israeli law) of NIS 31,200 (approximately $8,774) for providing eighty percent of his working time to our company. Beginning on March 1, 2015, Mr. Ben David began working for us on a full-time basis pursuant to the terms of his employment agreement at which point Mr. Ben David's salary was increased to NIS 39,000 (approximately $10,967). Commencing April 1, 2016, Mr. Ben David's Salary was updated to NIS 60,000 (approximately $16,873) per month and commencing June 1, 2018, his monthly salary was updated to NIS 67,200 (approximately $18,898). During 2018 and 2019, Mr. Ben David agreed to a waiver of 39% and 42% respectively of his cash salary according to our salary program pursuant to which Mr. Ben David received compensation shares of restricted common stock as consideration for cash salary waived.

Mr. Ben David's employment agreement may be terminated by either party at will upon 90 days prior written notice or terminated by us for cause, as defined under the employment agreement. In the event the employment agreement is terminated by us at will, Mr. Ben David shall be entitled to receive 90 days of severance plus any required severance payment pursuant to applicable Israeli severance law. In the event the employment agreement is terminated by us for cause, Mr. Ben David will only be entitled to a severance pay under applicable Israeli severance law. The employment agreement also includes a twelve-month non-competition and non-solicitation provision, certain confidentiality covenants and assignment of any of his company-related inventions to the company. Under the terms of the employment agreement, Mr. Ben David is entitled to certain expense reimbursements and other standard benefits, including vacation, sick leave, contributions to a manager's insurance policy and study fund and mobile phone allowances.

On January 4, 2018, the Compensation Committee of our Board of Directors approved the issuance to Mr. Ben David of 742 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $23,288 salary otherwise payable to Mr. Ben David from January to March 2018.

On April 23, 2018, the Compensation Committee of our Board of Directors approved the issuance to Mr. Ben David of 745 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $ $22,951 salary otherwise payable to Mr. Ben David from April to June 2018.

On July 8, 2018, the Compensation Committee of our Board of Directors approved the issuance to Mr. Ben David of 1.114 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $32,442 salary otherwise payable to Mr. Ben David from July to September 2018.

On October 3, 2018, the Compensation Committee of our Board of Directors approved the issuance to Mr. Ben David of 1,504 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $29,893 salary otherwise payable to Mr. Ben David from October to December 2018.

On January 27, 2019, the Compensation Committee of our Board of Directors approved the issuance to Mr. Ben David of 1,447 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $28,944 salary otherwise payable to Mr. Ben David from January to March 2019.

On July 9, 2019, the Compensation Committee of our Board of Directors approved the issuance to Mr. Ben David of 5,021 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $60,238 salary otherwise payable to Mr. Ben David from April to September 2019.

On December 23, 2019, the Compensation Committee of our Board of Directors approved the issuance to Mr. Ben David of 7,218 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $31,111 salary otherwise payable to Mr. Ben David from October to December 2019.

Dror Bacher, Chief Operating Officer – On August 30, 2013, LabStyle Innovation Ltd., our Israeli subsidiary, entered into an employment agreement with Mr. Bacher, pursuant to which Mr. Bacher receives an annual base salary of NIS 55,000 (approximately $15,467), effective as of July 2017, and commencing June 1, 2018 his monthly salary was increased to NIS 61,490 (approximately $17,292 per month). Pursuant to Mr. Bacher's existing personal employment agreement as amended, either Mr. Bacher or we may terminate his employment agreement upon four months' notice, provided, however, that in the event of a termination for cause, Mr. Bacher's employment may be terminated immediately. Mr. Bacher's employment agreement also includes a twelve (12) month non-competition and non-solicitation provision, certain confidentiality covenants and assignment of any of his company-related inventions. Under the terms of Mr. Bacher's employment agreement, Mr. Bacher is entitled to certain expense reimbursements and other standard benefits, including vacation, sick leave, life, and disability insurance and car and mobile phone allowances. In addition, in conjunction with his appointment as Chief Operating Officer, we issued Mr. Bacher 500 shares of common stock, and 500 options that will vest in 12 equal quarterly installments over a three-year period with an exercise price of $49.20 per share, all issued pursuant to the Registrant's Amended and Restated 2012 Equity Incentive Plan.

During the years 2018 and 2019, Mr. Bacher agreed to waive approximately 29% and 26% of his cash salary, respectively, pursuant to our shares for salary program and its 2012 Equity Incentive Plan, and as a result Mr. Bacher received shares of common stock in lieu of a portion of his annual cash salary.

On January 4, 2018, the Compensation Committee of our Board of Directors approved the issuance to Mr. Bacher of 565 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $17,744 salary otherwise payable to Mr. Bacher from January to March 2018.

On April 23, 2018, the Compensation Committee of our Board of Directors approved the issuance to Mr. Bacher of 567 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $ $17,486 salary otherwise payable to Mr. Bacher from April to June 2018.

On April 23, 2018, the Compensation Committee of our Board of Directors approved the issuance to Mr. Bacher of 1,623 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $50,000 of a cash bonus otherwise payable to Mr. Bacher for his efforts in obtaining FDA clearance for iPhone 7, 8 and X smartphone devices in the U.S.

On July 8, 2018, the Compensation Committee of our Board of Directors approved the issuance to Mr. Bacher of 673 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $19,606 salary otherwise payable to Mr. Bacher from July to September 2018.

On October 3, 2018, the Compensation Committee of our Board of Directors approved the issuance to Mr. Bacher of 954 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $18,964 salary otherwise payable to Mr. Bacher from October to December 2018.

On January 27, 2019, the Compensation Committee of our Board of Directors approved the issuance to Mr. Bacher of 918 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $18,362 salary otherwise payable to Mr. Bacher from January to March 2019.

On July 9, 2019, the Compensation Committee of our Board of Directors approved the issuance to Mr. Bacher of 3,186 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $38,215 salary otherwise payable to Mr. Bacher from April to September 2019.

On December 23, 2019, the Compensation Committee of our Board of Directors approved the issuance to Mr. Bacher of 2,633 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $11,352 salary otherwise payable to Mr. Bacher from October to December 2019.

Richard Anderson, President and General Manager of North America – On January 7, 2020, we appointed Mr. Anderson as our President and General Manager of North America. In connection with Mr. Anderson's appointment, the Company agreed to pay Mr. Anderson an annual base salary of $335,000. Mr. Anderson shall also be subject to a six-month non-competition and one-year non-solicitation provision, certain confidentiality covenants and assignment of any of his company-related inventions. Mr. Anderson will also be entitled to certain expense reimbursements and other standard benefits, including vacation and sick leave. In addition, Mr. Anderson will be entitled to receive an annual incentive bonus of up to $250,000, subject to certain milestones and performance targets. In addition, and in conjunction with his appointment as President and General Manager of North America, the Company agreed to issue Mr. Anderson a stock option to purchase up to 90,000 shares of common stock at an exercise price of $8.41 per share, subject to vesting. Mr. Anderson was also issued a stock option to purchase up to 90,000 shares of common stock at an exercise price of $8.41 per share, subject to vesting and the achievement of certain business revenue targets. In that regard, Mr. Anderson's option will vest as follows: (i) 22,500 shares shall vest following fiscal year 2020 if our business-to-business revenues reach or exceed $6 million in the aggregate, or a pro-rated amount equal to the percentage achievement of such target, assuming the Company's GAAP revenues in 2020 will reach at least $11 million in the aggregate; (ii) 22,500 shares shall vest following fiscal year 2021 if our business-to-business revenues reach or exceed $15 million in the aggregate, or a pro-rated amount equal to the percentage achievement of such target, assuming the Company's GAAP revenues in 2021 will reach at least $19.5 million in the aggregate; (iii) 22,500 shares shall vest following fiscal year 2022 if our business-to-business revenues reach or exceed $40 million in the aggregate, or a pro-rated amount equal to the percentage achievement of such target, assuming the Company's GAAP revenues in 2022 will reach at least $38 million in the aggregate; and (iv) 22,500 shares shall vest following fiscal year 2023 if our business-to-business revenues reach or exceed $80 million in the aggregate, or a pro-rated amount equal to the percentage achievement of such target, assuming the Company's GAAP revenues in 2023 will reach at least $62 million in the aggregate.

Olivier Jarry, Former President and Chief Commercial Officer – On August 30, 2018, we appointed Mr. Jarry as our President and Chief Commercial Officer. In connection with Mr. Jarry's appointment, we agreed to pay Mr. Jarry an annual base salary of $252,000 out of which $132,000 is paid in cash and the balance is paid in our shares of common stock. Mr. Jarry's employment is subject to a one (1) year non-competition and non-solicitation provision, certain confidentiality covenants and assignment of any of his company-related inventions. Mr. Jarry is also entitled to certain expense reimbursements and other standard benefits, including vacation and sick leave. In addition, Mr. Jarry is entitled to receive an annual incentive bonus of up to 1,750 shares of common stock and an annual over performance bonus of up to 1,000 shares of common stock, with each such bonus subject to certain milestones and performance targets to be determined by our Board of Directors. In addition, and in conjunction with Mr. Jarry's appointment as President and Chief Commercial Officer, we agreed to issue Mr. Jarry a stock option to purchase up to 6,000 shares of common stock at a future date and at the discretion of our Board of Directors. On January 7, 2020, Mr. Jarry was relieved from his duties as President and Chief Commercial Officer of the Corporation to a new role of Senior Vice President of Strategy and Business Development.

During the fiscal years ended December 31, 2018 and December 31, 2019, Mr. Jarry agreed to waive approximately 47% of his cash salary pursuant to our shares for salary program and its 2012 Equity Incentive Plan, and as a result, Mr. Jarry received shares of common stock in lieu of a portion of his annual cash salary.

On October 3, 2018, the Compensation Committee of our Board of Directors approved the issuance to Mr. Jarry of 1,962 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $39,000 salary otherwise payable to Mr. Jarry from September to December 2018.

On January 27, 2019, the Compensation Committee of our Board of Directors approved the issuance to Mr. Jarry of 1,500 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $30,000 salary otherwise payable to Mr. Jarry from January to March 2019.

On July 9, 2019, the Compensation Committee of our Board of Directors approved the issuance to Mr. Jarry of 5,000 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $60,000 salary otherwise payable to Mr. Jarry from April to September 2019.

On December 23, 2019, the Compensation Committee of our Board of Directors approved the issuance to Mr. Jarry of 6,960 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of the waiver of $30,000 salary otherwise payable to Mr. Jarry from October to December 2019.

Outstanding Equity Awards at December 31, 2019

Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Equity incentive plan awards: Number of securities underlying unexercised unearned options (#)	Option exercise price ($)	Option expiration date
Erez Raphael	100	-	-	$ 2,430	March 14, 2023
(Chief Executive Officer)	12	-	-	$ 5,400	June 5, 2023
	167	-	-	$ 4,806	August 28, 2023
	45	-	-	$ 3,330	January 6, 2024
	234	-	-	$ 1,764	July 6, 2024
	8,446	-	-	$ 115.20	September 3, 2021
	6,562	597(1)	-	$ 64.04	January 30, 2023
Zvi Ben David	2,154	-	-	$ 115.20	September 3, 2021
(Chief Financial Officer, Secretary and Treasurer)	1,459	133(1)	-	$ 64.04	January 30, 2023
Dror Bacher	67	-	-	$ 3,330	January 6, 2024
(Chief Operating Officer)	67	-	-	$ 1,764	July 6, 2024
	1267	-	-	$ 115.20	September 3, 2021
	480	-	-	$ 140.40	December 17, 2021
	1,260	115(1)	-	$ 64.04	January 30, 2023
	375	125(1)	-	$ 49.20	July 25, 2023
Olivier Jarry (President and Chief Commercial Officer)	2000	4,000		$ 15.90	November 22, 2024
Total Option Shares	**24,696**	**4,970**	-	$ -	-

(1) Vests in 12 equal quarterly installments over a three-year period.

Non-Employee Director Remuneration Policy

In March 2013, our Board of Directors adopted the following non-employee director remuneration policy:

Cash Awards

Our non-employee directors (currently Messrs. Shaked, Farhi, Kamer, McGrath, Prof. Stone and Ms. Karah) will receive the following cash payments for each fiscal year: (i) $25,000 per year, to be paid quarterly in arrears and (ii) $16,000 for Board committee service, to be paid quarterly in arrears; *provided, however,* that such quarterly payments and committee meeting fees shall accrue and shall be payable upon the approval of Mr. Raphael at such time when our company is adequately capitalized in his reasonable discretion.

Stock and Option Awards

On January 4, 2018, the Compensation Committee of our Board of Directors approved the issuance to each of Prof. Stone, Mr. Hoenlein, Mr. McGrath, Ms. Karah and Mr. Yehudiha of 327 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of $10,250 in fees otherwise payable to each of Prof. Stone, Mr. Hoenlein, Mr. McGrath, Ms. Karah and Mr. Yehudiha for the period from October 1, 2017, to December 31, 2017. In addition, the Compensation Committee of our Board of Directors approved the issuance to each of Mr. Farhi, Mr. Kamer and Mr. Bahagon of 199 shares of our common stock under the 2012 Equity Incentive Plan. Such shares were issued in lieu of $6,250 in fees otherwise payable to Mr. Farhi, Mr. Kamer and Mr. Bahagon for the period October 1, 2017, to December 31, 2017.

On April 23, 2018, the Compensation Committee of our Board of Directors approved the issuance to each of Prof. Stone, Mr. Hoenlein, Mr. McGrath, Ms. Karah and Mr. Yehudiha of 333 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of $10,250 in fees otherwise payable to each of Prof. Stone, Mr. Hoenlein, Mr. McGrath, Ms. Karah and Mr. Yehudiha for the period from January 1, 2018, to March 31, 2018. In addition, the Compensation Committee of our Board of Directors approved the issuance to each of Mr. Farhi and Mr. Kamer of 203 shares of our common stock under the 2012 Equity Incentive Plan. Such shares were issued in lieu of $6,250 in fees otherwise payable to Mr. Farhi and Mr. Kamer for the period January 1, 2018, to March 31, 2018. In addition, the Compensation Committee of our Board of Directors approved the issuance to Mr. Bahagon 3,335 shares of our common stock under the 2012 Equity Incentive Plan. Such shares were issued in lieu of $5,139 in fees otherwise payable to Mr. Bahagon for the period January 1, 2018, to March 15, 2018.

On July 9, 2018, the Compensation Committee of our Board of Directors approved the issuance to each of Prof. Stone, Mr. Hoenlein, Mr. McGrath and Ms. Karah of 352 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of $10,250 in fees otherwise payable to each of Prof. Stone, Mr. Hoenlein, Mr. McGrath and Ms. Karah for the period from April 1, 2018, to June 30, 2018. In addition, the Compensation Committee of our Board of Directors approved the issuance to each of Mr. Farhi, Mr. Kamer, Mr. Yehudiha and Mr. Zanco of 215 shares of our common stock under the 2012 Equity Incentive Plan. Such shares were issued in lieu of $6,250 in fees otherwise payable to Mr. Farhi, Mr. Kamer, Mr. Yehudiha and Mr. Zanco for the period April 1, 2018, to June 30, 2018.

On October 3, 2018, the Compensation Committee of our Board of Directors approved the issuance to each of Prof. Stone, Mr. Shaked, Mr. McGrath, and Ms. Karah of 516 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of $10,250 in fees otherwise payable to each of Prof. Stone, Mr. Shaked, Mr. McGrath, and Ms. Karah for the period from July 1, 2018, to September 30, 2018. In addition, the Compensation Committee of our Board of Directors approved the issuance to each of Mr. Farhi, Mr. Kamer, Mr. Yehudiha and Mr. Zanco of 315 shares of our common stock under the 2012 Equity Incentive Plan. Such shares were issued in lieu of $6,250 in fees otherwise payable to Mr. Farhi, Mr. Kamer, Mr. Yehudiha and Mr. Zanco for the period July 1, 2018, to September 30, 2018.

On January 27, 2019, the Compensation Committee of our Board of Directors approved the issuance to each of Prof. Stone, Mr. Shaked, Mr. McGrath, and Ms. Karah of 513 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of $10,250 in fees otherwise payable to each of Prof. Stone, Mr. Shaked, Mr. McGrath, and Ms. Karah for the period from October 1, 2018, to December 31, 2018. The Compensation Committee of our Board of Directors also approved the issuance to each of Mr. Farhi and Mr. Kamer of 313 shares of our common stock under the 2012 Equity Incentive Plan. Such shares were issued in lieu of $6,250 in fees otherwise payable to Mr. Farhi and Mr. Kamer for the period October 1, 2018, to December 31, 2018. In addition, the Compensation Committee of our Board of Directors approved the issuance to Mr. Moller 262 shares of our common stock under the 2012 Equity Incentive Plan. Such shares were issued in lieu of $5,231 in fees otherwise payable to Mr. Moller for the period October 16, 2018, to December 31, 2018.

On April 29, 2019, the Compensation Committee of our Board of Directors approved a grant of 1,475 options to Mr. Moller. These options have an exercise price of $15.40 per share. One third of the options will become fully vested and exercisable on the first anniversary elapsed from the grant date, and the balance will vest in eight equal quarterly installments following the first anniversary of the grant date, subject to Mr. Moller's continued membership on the Company's Board of Directors. In January 2020 Mr. Moller resigned from the Board of Directors and his options were forfeited.

On April 29, 2019, the Compensation Committee of our Board of Directors approved the following issuances, each was done under our 2012 Equity Incentive Plan: (i) 15,038 shares of our common stock to Mr. Shaked; (ii) 1,255 shares of our common stock to Ms. Karah; (iii) 753 shares of our common stock to Mr. Farhi; (iv) 753 shares of our common stock to Mr. Kamer; (v) 862 shares of our common stock to Prof. Stone; and (vi) 1,649 shares of our common stock to Mr. McGrath.

On July 9, 2019, the Compensation Committee of our Board of Directors approved the issuance to each of Prof. Stone, Mr. Shaked, Mr. McGrath, and Ms. Karah of 854 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of $10,250 in fees otherwise payable to each of Prof. Stone, Mr. Shaked, Mr. McGrath, and Ms. Karah for the period from January 1, 2019, to March 31, 2019. The Compensation Committee of our Board of Directors also approved the issuance to each of Prof. Stone, Mr. Shaked, Mr. McGrath, and Ms. Karah of 854 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of $10,250 in fees otherwise payable to each of Prof. Stone, Mr. Shaked, Mr. McGrath, and Ms. Karah for the period from April 1, 2019, to June 30, 2019. The Compensation Committee of our Board of Directors also approved the issuance to each of Mr. Farhi, Mr. Kamer and Mr. Moller of 521 shares of our common stock under the 2012 Equity Incentive Plan. Such shares were issued in lieu of $6,250 in fees otherwise payable to Mr. Farhi, Mr. Kamer and Mr. Moller for the period January 1, 2019, to March 31, 2019. In addition, the Compensation Committee of our Board of Directors approved the issuance to each of Mr. Farhi, Mr. Kamer and Mr. Moller of 521 shares of our common stock under the 2012 Equity Incentive Plan. Such shares were issued in lieu of $6,250 in fees otherwise payable to Mr. Farhi, Mr. Kamer and Mr. Moller for the period April 1, 2019, to June 30, 2019.

On December 23, 2019, the Compensation Committee of our Board of Directors approved the issuance to each of Prof. Stone, Mr. Shaked, Mr. McGrath, and Ms. Karah of 2,378 shares of our common stock under our 2012 Equity Incentive Plan. Such shares were issued in lieu of $10,250 in fees otherwise payable to each of Prof. Stone, Mr. Shaked, Mr. McGrath, and Ms. Karah for the period from July 1, 2019, to September 30, 2019. The Compensation Committee of our Board of Directors also approved the issuance to each of Mr. Farhi and Mr. Kamer of 1,450 shares of our common stock under the 2012 Equity Incentive Plan. Such shares were issued in lieu of $6,250 in fees otherwise payable to Mr. Farhi and Mr. Kamer for the period July 1, 2019, to September 30, 2019.

Compensation Committee Review

The Compensation Committee shall, if it deems necessary or prudent in its discretion, reevaluate and approve in January of each such year (or in any event prior to the first board meeting of such fiscal year) the cash and equity awards (amount and manner or method of payment) to be made to non-employee directors for such fiscal year. In making this determination, the Compensation Committee shall utilize such market standard metrics as it deems appropriate, including, without limitation, an analysis of cash compensation paid to independent directors of our peer group.

The Compensation Committee shall also have the power and discretion to determine in the future whether non-employee directors should receive annual or other grants of options to purchase shares of common stock or other equity incentive awards in such amounts and pursuant to such policies as the Compensation Committee may determine utilizing such market standard metrics as it deems appropriate, including, without limitation, an analysis of equity awards granted to independent directors of our peer group.

Participation of Employee Directors; New Directors

Unless separately and specifically approved by the Compensation Committee in its discretion, no employee director of our company shall be entitled to receive any remuneration for service as a director (other than expense reimbursement as per prevailing policy).

New directors joining our Board of Directors shall be entitled to a pro-rated portion (based on months to be served in the fiscal year in which they join) of cash and stock option or other equity incentive awards (if applicable) for the applicable fiscal year at the time they join the board.

Summary Director Compensation Table

The following table summarizes the annual compensation paid to our non-employee directors for the fiscal year ended December 31, 2019:

Name and Principal Position	Year	Fees Paid or Earned in Cash ($)	Stock Awards	Option Awards ($)*	Non-equity incentive plan compensation	Non-qualified deferred compensation earnings	All other compensation ($)	Total ($)
Dennis McGrath	2019	$ -	$ 66,395(1)	$ (2)	$ -	$ -	$ -	$ 66,395
Prof. Richard B. Stone	2019	$ -	$ 54,275(3)	$ (4)	$ -	$ -	$ -	$ 54,275
Yalon Farhi	2019	$ -	$ 36,596(5)	$ (6)	$ -	$ -	$ -	$ 36,596
Hila Karah	2019	$ -	$ 60,327(7)	$ -(8)	$ -	$ -	$ -	$ 60,327
Allen Kamer	2019	$ -	$ 36,596(9)	$ (10)	$ -	$ -	$ -	$ 36,596
Yoav Shaked	2019	$ -	$ 272,585(11)	$ (12)	$ -	$ -	$ -	$ 272,585
Glen D. Moller	2019	$ -	$ 23,981(13)	$ 14,337(14)	$ -	$ -	$ -	$ 38,318

* Amount shown does not reflect dollar amount actually received. Instead, this amount reflects the aggregate grant date fair value of each stock option granted in the fiscal year ended December 31, 2019, computed in accordance with the provisions of ASC 718. Assumptions used in accordance with ASC 718 are included in Note 9 to our consolidated financial statements included in this Annual Report.

(1) 10,653 stock awards are outstanding as of December 31, 2019.

(2) 1,659 option awards are outstanding as of December 31, 2019.

(3) 9,865 stock awards are outstanding as of December 31, 2019.

(4) 1,645 option awards are outstanding as of December 31, 2019.

(5) 5,462 stock awards are outstanding as of December 31, 2019.

(6) 1,561 option awards are outstanding as of December 31, 2019.

(7) 10,098 stock awards are outstanding as of December 31, 2019.

(8) 1,561 option awards are outstanding as of December 31, 2019.

(9) 6,114 stock awards are outstanding as of December 31, 2019.

(10) No option awards are outstanding as of December 31, 2019.

(11) 20,153 stock awards are outstanding as of December 31, 2019.

(12) No option stock awards are outstanding as of December 31, 2019.

(13) 2,754 stock awards are outstanding as of December 31, 2019.

(14) 1,475 option stock awards are outstanding as of December 31, 2019.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information regarding the beneficial ownership of our common stock as of March 13, 2020 by:

- each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock;
- each of our named executive officers and directors; and
- all our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Except as otherwise indicated, each person or entity named in the table has sole voting and investment power with respect to all shares of our capital shown as beneficially owned, subject to applicable community property laws.

In computing the number and percentage of shares beneficially owned by a person, shares that may be acquired by such person within 60 days of the date of this Annual Report are counted as outstanding, while these shares are not counted as outstanding for computing the percentage ownership of any other person. Unless otherwise indicated, the address of each person listed below is c/o DarioHealth Corp., 8 HaTokhen Street, Caesarea North Industrial Park, 3088900, Israel.

Name of Beneficial Owner	Shares of Common Beneficially Stock Owned	Percent of Common Stock Beneficially Owned [1]
Officers and Directors		
Erez Raphael [2]	542,608	17.4%
Zvi Ben David [3]	120,372	3.9%
Dror Bacher [4]	83,387	2.7%
Olivier Jarry [5]	26,289	*
Richard Anderson	-	
Dennis M. McGrath [6]	64,688	2.1%
Prof. Richard B. Stone [7]	34,854	1.1%
Hila Karah [8]	44,575	1.4%
Yalon Farhi[9]	15,742	*
Allen Kamer[10]	84,309	2.7%
Yoav Shaked [12]	86,329	2.8%
Glen Moller [11]	4,600	*
Adam Stern[13]	161,995	4.99%
Yadin Shemmer	-	
All Executive Officers and Directors as a group (14 persons)**	**1,269,478**	**40.6%**
5% Stockholders		
Nantahala Capital Partners SI, LP[14]	328,846	9.9%
Nantahala Capital Partners II Limited Partnership[15]	336,966	9.9%
Nantahala Capital Management, LLC[16]	317,252	9.9%

* Less than 1%.

** Glenn Moller is no longer a member of our Board of Directors. Messrs. Stern and Shemmer joined our Board of Directors on March 1, 2020.

(1) Percentage ownership is based on 3,101,410 shares of our common stock outstanding as of March 13, 2020 and, for each person or entity listed above, warrants or options to purchase shares of our common stock which exercisable within 60 days of the such date.

(2) Includes 16,158 vested options. Also includes 37,876 shares of our Common Stock, held by Dicilyon Consulting and Investment Ltd. Erez Raphael is the natural person with voting and dispositive power over our securities held by Dicilyon Consulting and Investment Ltd. The address of Dicilyon Consulting and Investment Ltd. is 10 Nataf St., Ramat Hasharon 4704063, Israel.

(3) Includes 6,064 vested options to purchase common stock. Excludes 25,508 options which are not vested. Includes 5,556 warrants to purchase common stock. Includes 1,786 shares owned by his spouse, for which Mr. Ben David disclaims beneficial ownership except to the extent of his pecuniary interest therein.

(4) Includes 6,103 vested options to purchase common stock. Excludes 26,316 options which are not vested.

(5) Includes 2,500 vested options to purchase common stock. Excludes 3,500 options which are not vested. On January 7, 2020, Mr. Jarry was relieved from his duties as President and Chief Commercial Officer of the Corporation to a new role of Senior Vice President of Strategy and Business Development.

(6) Includes 1,657 vested options to purchase common stock.

(7) Includes 1,250 warrants to purchase common stock, and 1,643 vested options to purchase common stock.

(8) Includes 1,560 vested options to purchase common stock.

(9) Includes 1,560 vested options to purchase common stock.

(10) Mr. Kamer is a Managing Partner of OurCrowd Digital Health L.P. and therefore the securities held by OurCrowd Digital Health L.P. may be deemed to be beneficially owned by Mr. Kamer. Mr. Kamer disclaims beneficial ownership of the securities owned by OurCrowd Digital Health L.P. except to the extent of his pecuniary interest therein.

(11) Includes 0 vested options to purchase common stock. Mr. Moller resigned from our Board of Directors effective as of January 24, 2020.

(12) Includes 1,667 shares and 1,334 warrants owned by his spouse, for which Mr. Shaked disclaims beneficial ownership except to the extent of his pecuniary interest therein.

(13) Includes 300 preferred A shares on an as converted basis of 74,100 common stock. Includes warrants exercisable into 70,895 shares of common stock, subject to a contractual beneficial ownership limitation of 4.99% and excludes warrants exercisable into 220,303 shares of common stock.

(14) Based solely on information contained in Form S-3 filed with the SEC on January 15, 2019 and data provided by the holder adjusted to the November 18, 2019 reverse split. Includes warrants to purchase 82,677 shares of common stock, pre-funded warrants to purchase 125,102 shares of common stock and preferred shares convertible into 12,491 shares of common stock, subject to a contractual beneficial ownership limitation of 9.9% and excludes preferred shares convertible into 639,836 shares of common stock.

(15) Based solely on information contained in Form S-3 filed with the SEC on January 15, 2019 and data provided by the holder. Includes warrants to purchase 21,613 shares of common stock, pre-funded warrants to purchase 81,233 shares of common stock and preferred shares convertible into 199,441 shares of common stock, subject to a contractual beneficial ownership limitation of 9.9% and excludes preferred shares convertible into 19,154 shares of common stock.

(16) Based solely on information contained in Form 13G filed with the SEC on February 14, 2019, and data provided by the holder. Includes warrants to purchase 103,161 shares of common stock and excludes warrants to purchase 46,843 shares of common stock, pre-funded warrants to purchase 358,779 shares of common stock, which are subject to a contractual beneficial ownership limitation of 9.9% and excludes preferred shares convertible into 1,284,400 shares of common stock.

Item 13. Certain Relationships and Related Party Transactions

Executive Officers and Directors

We have entered into employment and consulting agreements and granted stock awards to our executive officers and directors as more fully described in "Executive Compensation" above.

Executive Officers and Directors

We have entered into employment agreements and granted stock awards to our executive officers as more fully described in "Executive Compensation" above.

September 2014 Private Placement

On September 23, 2014, we entered into and closed the transactions contemplated by a definitive Securities Purchase Agreement. The lead investor in the financing memorialized in such agreement was Dicilyon Consulting and Investment Ltd. ("Dicilyon"), an affiliate of Israeli investor David Edery who invested $3,000,000 in the private placement purchasing 1,667 shares of our Series A Convertible Preferred Stock (which converted into 525,564 shares of our Common Stock on March 8, 2016 in conjunction with a closing of our public offering) and 231,248 warrants to purchase Common Stock following the entry into a warrant replacement agreement with Dicilyon whereby Dicilyon replaced 210,226 warrants issued in 2014 which contained a net settlement cash feature and liquidated damages penalties with 231,248 warrants which contain a standard anti-dilution clause, both groups of warrants with an exercise price of $8.559 per share and exercisable until September 23, 2018. Pursuant to the Securities Purchase Agreement, Mr. Edery and his controlled affiliates were granted certain special rights, including, among other things, (i) a two year pre-emptive right to participate in our future financings, subject to certain exceptions, in an amount which would allow Mr. Edery to maintain his fully-diluted percentage ownership of the Company, and (ii) a right that, for so long as Mr. Edery holds 25%, 15% and 10% of the outstanding shares of Common Stock, Mr. Edery shall have the right to appoint, respectively, three, two or one member of our seven-person Board of Directors. The preemptive rights were waived in connection with the March 2016 public offering, and Mr. Edery has waived his director nomination rights effective February 28, 2016. In connection with the closing of the transactions contemplated by the Securities Purchase Agreement, Mr. Edery's company appointed Rami Yehudiha to serve as a member of the Board of Directors and on November 18, 2014, Mr. Edery's company exercised its right to appoint two members to the Board of Directors by requesting that Dr. Oren Fuerst and Dr. Steven A. Kaplan resign from the Board of Directors. Accordingly, Dr. Kaplan resigned from the Board of Directors effective as of November 21, 2014, and Dr. Fuerst resigned from the Board of Directors effective as of November 23, 2014. On November 23, 2014, the remaining members of the Board of Directors acted by unanimous written consent to name two appointees of Mr. Edery's company, Dr. Peter M. Kash and Ms. Hila Karah, as members of the Board of Directors. On February 25, 2015, Dr. Peter M. Kash resigned from his position as a member of the Board of Directors for personal reasons. On June 15, 2015, both Mr. Yehudiha and Ms. Karah were elected to our Board of Directors by our shareholders. On March 1, 2016, Dicilyon irrevocably granted voting and dispositive power over our shares held by it to Erez Raphael, our Chairman, and Chief Executive Officer.

Statement of Policy

All transactions (if any) between us and our officers, directors or five percent stockholders, and respective affiliates will be on terms no less favorable than could be obtained from unaffiliated third parties and will be approved by a majority of our independent directors who do not have an interest in the transactions and who had access, at our expense, to our legal counsel or independent legal counsel.

To the best of our knowledge, other than as set forth above, there were no material transactions, or series of similar transactions, or any currently proposed transactions, or series of similar transactions, to which we were or are to be a party, in which the amount involved exceeds the lesser of $120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years, and in which any director or executive officer, or any security holder who is known by us to own of record or beneficially more than 5% of any class of our common stock, or any member of the immediate family of any of the foregoing persons, has an interest (other than compensation to our officers and directors in the ordinary course of business).

Item 14. Principal Accounting Fees and Services

The following table sets forth fees billed to us by Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, our independent registered public accounting firm, during the fiscal years ended December 31, 2019 and December 31, 2018 for: (i) services rendered for the audit of our annual financial statements and the review of our quarterly financial statements; (ii) services by our independent registered public accounting firms that are reasonably related to the performance of the audit or review of our financial statements and that are not reported as audit fees; (iii) services rendered in connection with tax compliance, tax advice and tax planning; and (iv) all other fees for services rendered.

	December 31, 2019	December 31, 2018
Audit Fees	$ 96,000	$ 86,000
Audited Related Fees	$ -	$ -
Tax Fees (1)	$ 9,000	$ 9,000
All Other Fees (2)	$ 44,000	$ 15,000
Total	$ 149,000	$ 110,000

(1) Consists of fees relating to our tax compliance and tax planning.

(2) Consists of fees relating to our private placements.

Audit Committee Policies

The Audit Committee of our Board of Directors is solely responsible for the approval in advance of all audit and permitted non-audit services to be provided by the independent auditors (including the fees and other terms thereof), subject to the de minimus exceptions for non-audit services provided by Section 10A(i)(1)(B) of the Exchange Act, which services are subsequently approved by the Board of Directors prior to the completion of the audit. None of the fees listed above are for services rendered pursuant to such de minimus exceptions.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

The following exhibits are filed with this Annual Report.

Exhibit No.	Description
3.1	Composite copy of Certificate of Incorporation, as amended*
3.2	Bylaws (1)
3.3	Amendment No. 1 to the Company's Bylaws (2)
3.4	Certificate of Elimination of Preferences, Rights and Limitations of Series D Convertible Preferred Stock of the Company (3)
3.5	Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock of the Company (4)
3.6	Certificate of Designation of Preferences, Rights and Limitations of Series A-1 Convertible Preferred Stock of the Company (4)

3.7	Certificate of Designation of Preferences, Rights and Limitations of Series A-2 Convertible Preferred Stock of the Company (5)
3.8	Certificate of Designation of Preferences, Rights and Limitations of Series A-3 Convertible Preferred Stock of the Company (5)
3.9	Certificate of Designation of Preferences, Rights and Limitations of Series A-4 Convertible Preferred Stock of the Company (5)
4.1	Warrant Agent Agreement, dated as of March 8, 2016, between LabStyle Innovations Corp. and VStock Transfer, LLC (6)
4.2	Form of Representatives' Warrant (6)
4.3	Form of Warrant (7)
4.4	Form of Pre-Funded Warrant (8)
4.5	Amendment No. 1 To Pre-Funded Warrant (9)
4.6	Description of Securities*
4.7	Form of Placement Agent Warrant*
10.1	Employment Agreement, dated October 11, 2012, between LabStyle Israel and Erez Raphael+ (10)
10.2	Amendment to Employment Agreement, dated April 1, 2013, between LabStyle Israel and Erez Raphael+ (10)
10.3	Amendment to Employment Agreement, dated August 30, 2013, between LabStyle Israel and Erez Raphael+ (10)
10.4	Personal Employment Agreement, dated January 8, 2015, between the Company and Zvi Ben David+ (11)
10.5	Amended and Restated 2012 Equity Incentive Plan of the Company+(12)
10.6	Amendment to the Amended and Restated 2012 Equity Incentive Plan of the Company+(13)
10.7	Second Amendment to the Amended and Restated 2012 Equity Incentive Plan of the Company+(2)
10.8	Amended and Restated Employment Agreement, dated as of July 25, 2017, between Erez Raphael and LabStyle Innovation Ltd. + (14)
10.9	Employment Agreement, dated as of September 22, 2013, and as amended on August 1, 2014, April 27, 2015 and May 1, 2016, between Dror Bacher and Labstyle Innovation Ltd. + (14)
10.10	Form of Subscription Agreement for Series A, Series A-1, Series A-2, Series A-3 and Series A-4 Preferred Stock*
10.11	Form of Registration Rights Agreement for Series A, Series A-1, Series A-2, Series A-3 and Series A-4 Preferred Stock*
10.12	Placement Agency Agreement by and between DarioHealth Corp. and Aegis Capital Corp. dated October 22, 2019*
10.13	Amendment No. 1 to Amended and Restated Employment Agreement, dated as of February 12, 2020, between Erez Raphael and LabStyle Innovation Ltd. + *
10.14	Stock Option Agreement between DarioHealth Corp. and Richard Anderson*
10.15	Conditional Stock Option Agreement between DarioHealth Corp. and Richard Anderson*
10.16	Representative Form of Indemnification Agreements between DarioHealth Corp. and each of its directors and officers+*
21.1	List of Subsidiaries of the Company*
23.1	Consent of Kost Forer Gabbay and Kaiserer*
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934.*
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934.*
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350.**
101	Interactive Data File (XBRL)*

+ Management contract or compensatory plan or arrangement

* Filed herewith

** Furnished herewith

(1) Incorporated by reference to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on January 16, 2013.
(2) Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 29, 2018.
(3) Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 15, 2019.
(4) Incorporated by reference to the Company's Current Report on Form 8-K/A filed with the Securities and Exchange Commission on December 3, 2019.
(5) Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 6, 2019.
(6) Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2016.
(7) Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 18, 2018.
(8) Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 22, 2019.
(9) Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 9, 2019.
(10) Incorporated by reference to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 6, 2013.
(11) Incorporated by reference to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on January 9, 2015.
(12) Incorporated by reference to the Company's Definitive Proxy Statement filed with the Securities and Exchange Commission on October 19, 2016.
(13) Incorporated by reference to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 6, 2019.
(14) Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 26, 2017.

Item 16. Form 10-K Summary.

None.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 16, 2020

DARIOHEALTH CORP.

By: /s/ Erez Raphael
Name: Erez Raphael
Title: Chief Executive Officer

By: /s/ Zvi Ben David
Name: Zvi Ben David
Title: Chief Financial Officer, Secretary and Treasurer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Person	Capacity	Date
/s/ Erez Raphael Erez Raphael	Chief Executive Officer and Director (Principal Executive Officer)	March 16, 2020
/s/ Zvi Ben David Zvi Ben David	Chief Financial Officer, Secretary and Treasurer (Principal Financial and Accounting Officer)	March 16, 2020
/s/ Yoav Shaked Yoav Shaked	Chairman of the Board	March 16, 2020
/s/ Yalon Farhi Yalon Farhi	Director	March 16, 2020
/s/ Allen Kamer Allen Kamer	Director	March 16, 2020
/s/ Hila Karah Hila Karah	Director	March 16, 2020
/s/ Dennis M. McGrath Dennis M. McGrath	Director	March 16, 2020
/s/ Yadin Shemmer Yadin Shemmer	Director	March 16, 2020
/s/ Adam Stern Adam Stern	Director	March 16, 2020
/s/ Richard B. Stone Richard B. Stone	Director	March 16, 2020

DARIOHEALTH CORP. AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2019

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of DarioHealth Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of DarioHealth Corp. and its subsidiary (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of comprehensive loss, changes in stockholders' equity and cash flows for each of the two years in the period ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

The Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1c to the financial statements, the Company has suffered recurring losses from operations and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1c. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

We have served as the Company's auditor since 2012.
Tel-Aviv, Israel
March 16, 2020

DARIOHEALTH CORP. AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands

	December 31,	
	2019	**2018**
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 20,395	$ 10,997
Short-term restricted bank deposits	191	180
Trade receivables	672	168
Inventories	1,414	1,377
Other accounts receivable and prepaid expenses	267	*) 380
Total current assets	22,939	13,102
NON-CURRENT ASSETS:		
Deposits	17	43
Operation lease right of use assets	765	-
Long-term assets	200	*) 211
Property and equipment, net	648	733
Total non-current assets	1,630	987
Total assets	$ 24,569	$ 14,089

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

*) Reclassified

DARIOHEALTH CORP. AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands (except stock and stock data)

	December 31,	
	2019	**2018**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	$ 1,656	$ 2,574
Deferred revenues	1,223	736
Operating lease liabilities	317	-
Other accounts payable and accrued expenses	2,024	1,854
Total current liabilities	5,220	5,164
OPERATING LEASE LIABILITIES	455	-
STOCKHOLDERS' EQUITY		
Common Stock of $0.0001 par value - Authorized: 160,000,000 shares at December 31, 2019 and 2018; Issued and Outstanding: 2,235,649 and 1,831,746 shares at December 31, 2019 and 2018, respectively ***)	**) -	**) -
Preferred Stock of $0.0001 par value - Authorized: 5,000,000 shares at December 31, 2019 and 2018; Issued and Outstanding: 21,375 at December 31, 2019	**) -	-
Additional paid-in capital	129,039	98,179
Accumulated deficit	(110,145)	(89,254)
Total stockholders' equity	18,894	8,925
Total liabilities and stockholders' equity	$ 24,569	$ 14,089

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

**) Represents an amount lower than $1.

***) On November 18, 2019, the company affected a 1-for 20 reverse stock split (the "Reverse Stock Split), see note 1f.

DARIOHEALTH CORP. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
U.S. dollars in thousands (except stock and stock data)

	Year ended December 31,	
	2019	**2018**
Revenues	$ 7,559	$ 7,394
Cost of revenues	4,962	5,629
Gross profit	2,597	1,765
Operating expenses:		
Research and development	$ 3,692	$ 3,676
Sales and marketing	11,127	10,309
General and administrative	5,483	5,468
Total operating expenses	20,302	19,453
Operating loss	17,705	17,688
Revaluation of warrants	-	(1)
Financial expense, net	31	116
Total financial expenses, net	31	115
Net loss	$ 17,736	$ 17,803
Deemed dividend	3,155	493
Net loss attributable to holders of Common Stock	$ 20,891	$ 18,296
Net loss per share:		
Basic and diluted loss per share ***)	$ 8.00	$ 15.63
Weighted average number of Common Stock used in computing basic and diluted net loss per share ***)	2,266,135	1,170,645

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

***) On November 18, 2019, the company affected the Reverse Stock Split, see note 1f.

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

DARIOHEALTH CORP. AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
U.S. dollars in thousands (except stock and stock data)

	Ordinary shares ***)		Preferred shares		Additional paid-in capital ***)	Accumulated deficit	Total shareholders' equity
	Number	Amount	Number	Amount			
Balance as of January 1, 2018	705,067	$ **) -	-	$ -	$ 74,899	$ (70,958)	$ 3,941
Payment for executives and directors under stock for salary program	38,285	**) -	-	-	1,055	-	1,055
Issuance of Common Stock to directors and employees	57,642	**) -	-	-	1,786	-	1,786
Issuance of Common Stock to consultants and service provider	18,500	**) -	-	-	504	-	504
Issuance of Common stock in May 2018 warrant exchange agreement	31,838	**) -	-	-	493	(493)	-
Issuance of Common Stock in 2018 private placements, net of issuance cost	478,954	-	-	-	9,354	-	9,354
Issuance of Preferred Stock in 2018 Private placement, net of issuance cost	-	-	156,217	**) -	9,269	-	9,269
Conversion of Preferred Stock to Common Stock	501,460	**) -	(156,217	**) -	-	-	-
Stock-based compensation	-	-	-	-	819	-	819
Net loss	-	-	-	-	-	(17,803)	(17,803)
Balance as of December 31, 2018	1,831,746	$ **) -	-	$ -	$ 98,179	$ (89,254)	$ 8,925
Payment for executives and directors under Stock for Salary Program	104,363	**) -	-	-	1,011	-	1,011
Exercise of options	406	**) -			**) -	-	**) -
Issuance of Common Stock to directors and employees	51,613	**) -	-	-	795	-	795
Issuance of Common Stock to consultants and service provider	4,753	**) -	-	-	59	-	59
Issuance of Common Stock and Pre-funded warrants in 2019 Public Offering, net of issuance costs	242,768	**) -	-	-	6,558	-	6,558
Issuance of Preferred Stock in 2019 private placement, net of issuance cost	-	-	21,375	**) -	18,689	-	18,689
Deemed dividend related to issue of preferred shares	-	-	-	-	3,155	(3,155)	-
Stock-based compensation	-	-	-	-	593	-	593
Net loss	-	-	-	-	-	(17,736)	(17,736)
Balance as of December 31, 2019	2,235,649	$ **) -	21,375	$ -	$ 129,039	$ (110,145)	$ 18,894

**) Represents an amount lower than $1.

***) On November 18, 2019, the company affected the Reverse Stock Split, see note 1f.

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

DARIOHEALTH CORP. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
U.S. dollars in thousands

	Year ended December 31,	
	2019	**2018**
Cash flows from operating activities:		
Net loss	$ (17,736)	$ (17,803)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Stock-based compensation, common stock and stock for salary to directors, employees, consultants and service provider	2,257	3,758
Depreciation	183	207
Change in operating lease right of use assets	368	-
Decrease (increase) in trade receivables	(504)	114
Decrease in other accounts receivable and prepaid expenses and Long-term assets	124	13
Increase in inventories	(37)	(193)
Increase (decrease) in trade payables	(918)	722
Increase in other accounts payable and accrued expenses	371	977
Increase in deferred revenues	487	736
Change in the fair value of warrants to purchase shares of Common Stock	-	(1)
Change in operating lease liabilities	(320)	-
Net cash used in operating activities	(15,725)	(11,470)
Cash flows from investing activities:		
Investment in deposit	(15)	(1)
Purchase of property and equipment	(98)	(71)
Net cash provided by (used in) investing activities	(113)	(72)
Cash flows from financing activities:		
Proceeds from issuance of Common Stock in 2019 Public Offering and Preferred Stock in 2019 and 2018 private placement, net of issuance cost	25,247	18,743
Net cash provided by financing activities	25,247	18,743
Increase in cash, cash equivalents and short-term restricted bank deposits	9,409	7,201
Cash, cash equivalents and short-term restricted bank deposits at beginning of year	11,126	3,925
Cash, cash equivalents and short-term restricted bank deposits at end of year	$ 20,535	$ 11,126

*) Represents an amount lower than $1.

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

NOTE 1:- GENERAL

a. DarioHealth Corp. (the "Company") was incorporated in Delaware and commenced operations on August 11, 2011. In July 2016, the Company's Board of Directors approved the change of the Company's name to DarioHealth Corp., which became effective on July 28, 2016. The Company is a digital health (mHealth) company that is developing and commercializing a patented and proprietary technology providing consumers with laboratory-testing capabilities using smart phones and other mobile devices. The Company's flagship product, Dario™, also referred to as the Dario™ Smart Diabetes Management Solution, is a mobile, real-time, cloud-based, diabetes management solution based on an innovative, multi-feature software application combined with a stylish, 'all-in-one', pocket-sized, blood glucose monitoring device, which is called the Dario™ Smart Meter.

b. The Company's wholly owned subsidiary, LabStyle Innovation Ltd. ("Ltd." or "Subsidiary"), was incorporated and commenced operations on September 14, 2011 in Israel. Its principal business activity is to hold the Company's intellectual property and to perform research and development, manufacturing, marketing and other business activities. Ltd. has a wholly-owned subsidiary, LabStyle Innovations US LLC, a Delaware limited liability company, which was established in 2014, however it has not started its operations to date and was dissolved at the end of 2017.

c. During the year ended December 31, 2019, the Company incurred recurring operating losses and negative cash flows from operating activities amounting to $17,705 and $15,725, respectively. The Company will be required to obtain additional liquidity resources in the near term in order to support the commercialization of its products and maintain its research and development activities. The Company is addressing its liquidity needs by seeking additional funding from public and/or private sources and by ramping up its commercial sales. There are no assurances, however, that the Company will be able to obtain an adequate level of financial resources that are required for the short and long-term development and commercialization of its product.

   These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

d. In December 2015, the United States Food and Drug Administration granted the Subsidiary 510(k) clearance for the Dario Blood Glucose Monitoring System, including its components, the Dario Blood Glucose Meter, Dario Blood Glucose Test Strips, Dario Glucose Control Solutions and the Dario app on the Apple iOS 6.1 platform and higher.

e. On March 4, 2016, the Company's Common Stock, par value $0.0001 per share (the "Common Stock") and warrants to purchase shares of Common Stock were approved for listing on the Nasdaq Capital Market under the symbols "DRIO" and "DRIOW," respectively.

f. On November 18, 2019, the Company affected a 1-for-20 reverse stock split (referred to herein as the Reverse Stock Split) of its Common Stock. No fractional shares were issued, and no cash or other consideration were paid as a result of the Reverse Stock Split. Instead, the Company issued one additional whole share of the post-Reverse Stock Split Common Stock to any shareholder who otherwise would have received a fractional share as a result of the Reverse Stock Split. The amount of authorized Common Stock was not affected. All issued and outstanding share and per share amounts included in the accompanying consolidated financial statements have been adjusted to reflect this Reverse Stock Split for all periods presented.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared according to United States generally accepted accounting principles ("U.S. GAAP").

a. Use of estimates:

The preparation of the consolidated financial statements and related disclosures in conformity with U.S. GAAP and requires the Company's management to make judgments, assumptions and estimates that affect the amounts reported in its consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and on various other assumptions it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates, and such differences may be material.

Management believes the Company's critical accounting policies and estimates are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

b. Financial statements in U.S. dollars ("$," "dollar" or "dollars"):

The accompanying consolidated financial statements have been prepared in dollars.
The Company's revenues and financing activities are incurred in U.S. dollars. Although a portion of the Subsidiary's expenses is denominated in New Israeli Shekels ("NIS") (mainly cost of personnel), a substantial portion of its expenses is denominated in dollars. Accordingly, the Company's management believes that the currency of the primary economic environment in which the Company and its subsidiary operate is the dollar; thus, the dollar is the functional currency of the Company. Transactions and balances denominated in dollars are presented at their original amounts. Monetary accounts denominated in currencies other than the dollar are re-measured into dollars in accordance with Accounting Standard Codification ("ASC") 830, "Foreign Currency Matters". All transaction gains and losses of the re-measurement of monetary balance sheet items are reflected in the consolidated statements of comprehensive loss as financial income or expenses, as appropriate.

c. Principles of consolidation:

The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany accounts and transactions have been eliminated.

d. Cash and cash equivalents:

The Company considers all highly liquid investments, which are readily convertible to cash with a maturity of three months or less at the date of acquisition, to be cash equivalents.

e. Short-term restricted bank deposits:

Short-term restricted bank deposits are restricted deposits with maturities of up to one year and are pledged in favor of the bank as a security for the bank guaranties issued to the landlords of the Company's offices and credit card payments. The short-term restricted bank deposits are denominated in NIS and USD and bear interest at an average rate of 0.02% as of December 31, 2019 and 2018. The short-term restricted bank deposits are presented at their cost, including accrued interest.

As of December 31, 2019, and 2018, the Company had, a short-term restricted bank deposits which are used as collateral for rent in the amount of $ 128 and $ 119, respectively.

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

As of December 31, 2019, and 2018, the Company had, a short-term restricted bank deposits which are used as collateral for credit payments in amounts of $ 63 and $ 61, respectively.

The following table provides a reconciliation of the cash balances reported on the balance sheets and the cash, cash equivalents and short-term restricted bank deposits balances reported in the statements of cash flows:

	December 31,	
	2019	**2018**
Cash, and cash equivalents as reported on the balance sheets	$ 20,395	$ 10,997
Short-term restricted bank deposits, as reported on the balance sheets	$ 140	$ 129
Cash, restricted cash, cash equivalents and short-term restricted bank deposits as reported in the statements of cash flows	$ 20,535	$ 11,126

f. Inventories:

Inventories are stated at the lower of cost or net realized value. Cost is determined on a “moving average” basis. Inventory write-down is provided to cover technological obsolescence, excess inventories and discontinued products. Inventory write-down represents the difference between the cost of the inventory and net realizable value. Inventory write-down is charged to the cost of revenues and ramp up of manufacturing when a new lower cost basis is established. Subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

Work-in-process is immaterial, given the typically short manufacturing cycle, and therefore is disclosed in conjunction with raw materials.

Total write-offs during the years ended December 31, 2019 and 2018 amounted to $62 and $41, respectively.

g. Long-term assets:

Long-term lease deposits during the years ended December 31, 2019 and 2018 include mainly long-term deposits for the Company’s rent and leased vehicles, respectively.

h. Property and equipment:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets at the following annual rates:

	%
Computers, and peripheral equipment	15-33
Office furniture and equipment	6-15
Production lines	14-20
Leasehold improvements	Over the shorter of the lease term or useful economic life

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

i. Impairment of long-lived assets:

Property and equipment are reviewed for impairment in accordance with ASC 360, "Property, Plant and Equipment," whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. As of December 31, 2019 and 2018, no impairment was recorded.

j. Revenue recognition

In May 2014, the Financial Accounting Standards Board (the "FASB") issued ASC 606. The standard replaced the revenue recognition guidance in U.S. generally accepted accounting principles under ASC 605, and was required to be applied retrospectively to each prior period presented or applied using a modified retrospective method with the cumulative effect recognized in the beginning retained earnings during the period of initial application. Subsequently, the FASB issued several additional Accounting Standard Updates (each an "ASU") related to ASU No. 2014-09, collectively referred to as the "new revenue standards," which became effective for the Company beginning January 1, 2019. The Company adopted the standard using the modified retrospective method. The adoption of ASC 606 did not have a significant impact on the Company's Consolidated Financial Statements. See Note 5 for further information.

The Company recognizes revenue when (or as) it satisfies performance obligations by transferring promised products or services to its customers in an amount that reflects the consideration the Company expects to receive. The Company applies the following five steps: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied.

The Company considers customer and distributers purchase orders to be the contracts with a customer. For each contract, the Company considers the promise to transfer tangible products and services, each of which are distinct, to be the identified performance obligations. In determining the transaction price, the Company evaluates whether the price is subject to rebates and adjustments to determine the net consideration to which the Company expects to receive. As the Company's standard payment terms are less than one year, the contracts have no significant financing component. The Company allocates the transaction price to each distinct performance obligation based on their relative standalone selling price. Revenue from tangible products is recognized when control of the product is transferred to the customer (i.e., when the Company's performance obligation is satisfied), which typically occurs at shipment. The revenues from fixed-price services are recognized ratably over the contract period and the costs associated with these contracts are recognized as incurred. The Company's standard arrangements with its customers typically do not allow for rights of return.

k. Cost of revenues:

Cost of revenues is comprised of the cost of production, data center costs, shipping and handling inventory, personnel and related overhead costs, depreciation of production line and related equipment costs, amortization of deferred costs and inventory write-downs

l. Concentrations of credit risk:

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, short-term restricted bank deposits and trade receivables.

All of the cash and cash equivalents and short-term restricted bank deposits of the Company and its Subsidiary are invested in deposits and current accounts with major U.S. and Israeli banks. Such cash and cash equivalents and short-term restricted bank deposits may be in excess of insured limits and are not insured in other jurisdictions. Generally, cash and cash equivalents and short-term restricted bank deposits may be redeemed and therefore a minimal credit risk exists with respect to these deposits and investments.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Company's trade receivables are derived mainly from sales to distributers and to end-users world-wide. The Company performs ongoing credit evaluations of its customers. An allowance for doubtful accounts is determined with respect to those specific amounts that the Company has determined to be doubtful of collection.

The Company had no off-balance-sheet concentration of credit risk such as foreign exchange contracts, option contracts or other foreign hedging arrangements.

m. Income taxes:

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes" ("ASC 740"). This guidance prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to amounts that are more likely than not to be realized. As of December 31, 2019, and 2018 a full valuation allowance was provided by the Company.

ASC 740 contains a two-step approach to recognizing and measuring a liability for uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. As of December 31, 2019, and 2018, no liability for unrecognized tax benefits was recorded as a result of the implementation of ASC 740.

n. Research and development costs:

Research and development costs are charged to the consolidated statements of comprehensive loss, as incurred.

o. Accounting for stock-based compensation:

The Company accounts for stock-based compensation in accordance with ASC 718, "Compensation - Stock Compensation" ("ASC 718"), which requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's consolidated statement of comprehensive loss.

The Company recognizes compensation expenses for the value of its awards granted based on the straight-line method over the requisite service period of each of the awards, net of estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Company estimates the fair value of stock options granted using the Black-Scholes-Merton option-pricing model. The option-pricing model requires a number of assumptions, of which the most significant are the expected stock price volatility and the expected option term. Expected volatility was calculated based upon historical volatility of the Company. The expected option term represents the period that the Company's stock options are expected to be outstanding and is determined based on the simplified method until sufficient historical exercise data will support using expected life assumptions. The risk-free interest rate is based on the yield from U.S. treasury bonds with an equivalent term. The Company has historically not paid dividends and has no foreseeable plans to pay dividends.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

p. Fair value of financial instruments:

The Company applies ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820"). Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, including, for example, the type of investment, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment and the investments are categorized as Level 3.

The carrying amounts of cash and cash equivalents, short-term restricted bank deposits, trade receivables, other accounts receivable and prepaid expenses, trade payables and other accounts payable and accrued expenses approximate their fair value due to the short-term maturity of such instruments. Some of the inputs to these models are unobservable in the market and are significant. The Company has no financial assets or liabilities measured using Level 1, Level 2, or Level 3 inputs.

q. Basic and diluted net loss per share:

Basic net loss per share is computed based on the weighted average number of shares of Common Stock outstanding during each year. Diluted net loss per share is computed based on the weighted average number of shares of Common Stock outstanding during each year, plus dilutive potential Common Stock considered outstanding during the year, in accordance with ASC 260, "Earnings Per Share".

The Company follows the two-class method when computing net loss per common share when shares are issued that meet the definition of participating securities. The two-class method determines net income (loss) per common share for each class of common shares and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common shareholders for the period to be allocated between common shares and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company's convertible preferred shares contractually entitle the holders of such shares to participate in dividends.

The total number of shares related to the outstanding options, warrant and preferred shares excluded from the calculations of diluted net loss per share due to their anti-dilutive effect was 6,545,910 and 997,906 for the year ended December 31, 2019 and 2018, respectively.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

r. Severance pay:

Since inception date, all Ltd. employees who are entitled to receive severance pay in accordance with the applicable law in Israel, have been included under section 14 of the Israeli Severance Compensation Law ("Section 14"). Under this section, they are entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made by the employer on their behalf with insurance companies. Payments in accordance with Section 14 release Ltd. from any future severance payments in respect of those employees. Payments under Section 14 are not recorded as an asset in the Company's balance sheet.

Severance pay expense for the year ended December 31, 2019 and 2018 amounted to $346 and $259, respectively.

s. Legal and other contingencies:

The Company accounts for its contingent liabilities in accordance with ASC 450 "Contingencies". A provision is recorded when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. With respect to legal matters, provisions are reviewed and adjusted to reflect the impact of negotiations, estimated settlements, legal rulings, advice of legal counsel and other information and events pertaining to a particular matter. As of December 31, 2018 and 2019, the Company is not a party to any litigation that could have a material adverse effect on the Company's business, financial position, results of operations or cash flows. Legal costs incurred in connection with loss contingencies are expensed as incurred.

t. Recently adopted accounting pronouncements:

In May 2014, the Financial Accounting Standards Board (the "FASB") issued ASC 606. The standard replaced the revenue recognition guidance in U.S. generally accepted accounting principles under ASC 605, and was required to be applied retrospectively to each prior period presented or applied using a modified retrospective method with the cumulative effect recognized in the beginning retained earnings during the period of initial application. Subsequently, the FASB issued several additional Accounting Standard Updates (each an "ASU") related to ASU No. 2014-09, collectively referred to as the "new revenue standards", which became effective for the Company beginning January 1, 2019. The Company adopted the standard using the modified retrospective method. The adoption of ASC 606 did not have a significant impact on the Company's Consolidated Financial Statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (Topic 842) ("ASC 842"). The standard requires lessees to recognize almost all leases on the balance sheet as a right-of-use ("ROU") asset and a lease liability and requires leases to be classified as either an operating or a finance type lease. The standard excludes leases of intangible assets or inventory. The standard became effective for the Company beginning January 1, 2019. The Company adopted ASC 842 using the modified retrospective approach, by applying the new standard to all leases existing at the date of initial application. Results and disclosure requirements for reporting periods beginning after January 1, 2019 are presented under ASC 842, while prior period amounts have not been adjusted and continue to be reported in accordance with our historical accounting under ASC 840. The Company elected the package of practical expedients permitted under ASC 842, which also allowed the Company to carry forward historical lease classifications. The Company also elected the practical expedient related to treating lease and non-lease components as a single lease component for all equipment leases as well as electing a policy exclusion permitting leases with an original lease term of less than one year to be excluded from the ROU assets and lease liabilities.

As a result of the adoption of ASC 842 on January 1, 2019, the Company recorded both operating lease ROU assets and operating lease liabilities of $847. The adoption did not impact the Company's beginning retained earnings, or prior year consolidated statements of comprehensive loss and statements of cash flows. See Note 6 for further information on leases.

Under ASC 842, the Company determines if an arrangement is a lease at inception. ROU assets and liabilities are recognized at the commencement date based on the present value of remaining lease payments over the lease term. For this purpose, the Company considers only payments that are fixed and determinable at the time of commencement, however, certain lease agreements contain variable payments, which are expensed as incurred and not included in the operating lease assets and liabilities. These amounts include payments affected by the Consumer Price Index. As most of the Company's leases do not provide an implicit rate, the Company, with the assistance of a third-party valuation firm, determined the incremental borrowing rate in determining the present value of lease payments. The ROU assets also include any lease payments made prior to commencement and are recorded net of any lease incentives received. The Company lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options.

Operating leases are included in operating lease ROU assets, current and non-current operating lease liabilities, on the Company's consolidated balance sheets.

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

In June 2018, the FASB issued ASU 2018-07, "Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting." This ASU supersedes ASC 505-50, "Equity—Equity Based Payments to Non-Employees," and expands the scope of ASC 718, "Compensation—Stock Compensation," to include all share-based payment arrangements related to the acquisition of goods and services from both nonemployees and employees. The standard became effective for the Company beginning January 1, 2019. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This guidance is effective from the first quarter of 2019.

Recently issued accounting pronouncements, not yet adopted:

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820) - Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement," ("ASU No. 2018-13") which is designed to improve the effectiveness of disclosures by removing, modifying and adding disclosures related to fair value measurements. ASU No. 2018-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years; the ASU allows for early adoption in any interim period after issuance of the update. The adoption of this ASU is not expected to have a significant impact on the Company's consolidated financial statements.

In September 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). ASU 2016-13 changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans, and other instruments, entities will be required to use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowances for losses. The guidance also requires increased disclosures. For the Company, the amendments in the update were originally effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. In November 2019, the FASB issued ASU No. 2019-10 which delayed the effective date of ASU 2016-13 for smaller reporting companies (as defined by the U.S. Securities and Exchange Commission) and other non-SEC reporting entities to fiscal years beginning after December 15, 2022, including interim periods within those fiscal periods. Early adoption is permitted. The Company is currently assessing the impact the guidance will have on its consolidated financial statements.

NOTE 3:- OTHER ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	December 31,	
	2019	**2018**
Prepaid expenses	$ 203	$ *) 243
Deferred costs	24	71
Government authorities	40	66
	$ 267	$ 380

*) Reclassified

NOTE 4:- INVENTORIES

	December 31,	
	2019	2018
Raw materials	$ 536	$ 424
Finished products	878	953
	$ 1,414	$ 1,377

NOTE 5: - REVENUE

On January 1, 2019, the Company adopted ASC 606 using the modified retrospective method and applied the standard to those contracts which were not completed as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with the historic accounting under ASC 605.

The following tables represent The Company total revenues for the year ended December 31, 2019 and 2018 by performance obligation type as a result of implementing ASC 606 (prior period amounts have not been adjusted under the modified retrospective method):

	December 31,	
	2019	2018
Products	$ 5,490	$ 7,158
Services	2,069	236
	$ 7,559	$ 7,394

Consolidated revenues by category type are as follows (in thousands):

	December 31,	
	2019	2018
Consumer Products and other revenues	$ 4,478	$ 6,832
Membership services	2,930	562
	$ 7,559	$ 7,394

The Company recognizes contract liabilities, or deferred revenues, when it receives advance payments from customers before performance obligations primarily related services have been performed. Advance payments are received at the beginning of the service period and the related deferred revenues are reclassified to revenue ratably over the service period. The balance of deferred revenues approximates the aggregate amount of the transaction price allocated to the unsatisfied performance obligations at the end of reporting period.

The following table presents the significant changes in the deferred revenue balance during the year ended December 31, 2019:

Balance, beginning of the period	$ 736
New performance obligations	3,417
Reclassification to revenue as a result of satisfying performance obligations	2,930
Balance, end of the period	$ 1,223

Because all performance obligations in the Company's contracts with customers relate to contracts with a duration of less than one year, the Company has elected to apply the optional exemption and is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

U.S. dollars in thousands

NOTE 6: - LEASES

At the beginning of the Company's fiscal 2019, the Company adopted ASC 842. The adoption of ASC 842 did not have a significant impact on the Company's consolidated financial statements.

The Company has entered into various non-cancelable operating lease agreements for certain of its offices and car leases. The Company's leases have original lease periods expiring between 2019 and 2022. Many leases include one or more options to renew. The Company does not assume renewals in determination of the lease term unless the renewals are deemed to be reasonably certain at lease commencement. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The components of lease costs, lease term and discount rate are as follows:

	Twelve Months Ended December 31, 2019
Lease cost	
Operating lease cost	$ 353
Short term lease cost	84
Variable lease cost	2
Total lease cost	439
Weighted Average Remaining Lease Term	
Operating leases	2.78 years
Weighted Average Discount Rate	
Operating leases	7.34%

The following is a schedule, by years, of maturities of lease liabilities as of December 31, 2019:

	Operating Leases
2020	$ 327
2021	299
2022	218
Total undiscounted cash flows	844
Less imputed interest	(72)
Present value of lease liabilities	$ 772

Supplemental cash flow information related to leases are as follows:

	Year ended December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 353
Lease liabilities arising from obtaining right-of-use assets:	
Operating leases	$ 244

U.S. dollars in thousands

NOTE 7:- PROPERTY AND EQUIPMENT, NET

Composition of assets, grouped by major classification, is as follows:

	December 31,	
	2019	2018
Cost:		
Computers and peripheral equipment	$ 233	$ 180
Office furniture and equipment	131	114
Production lines	748	736
Leasehold improvement	147	143
	1,259	1,173
Accumulated depreciation:		
Computers and peripheral equipment	134	97
Office furniture and equipment	33	25
Production lines	412	301
Leasehold improvement	32	17
	611	440
Property and equipment, net	$ 648	$ 733

Depreciation expenses for the year ended December 31, 2019 and 2018 amounted to $183 and $207, respectively.

NOTE 8:- OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	December 31,	
	2019	2018
Employees and payroll accruals	$ 1,137	$ 974
Accrued expenses	887	880
	$ 2,024	$ 1,854

NOTE 9:- COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2019, Ltd. had established guarantees to cover rent agreements and credit cards commitments that amounted to $191.

NOTE 10:- TAXES ON INCOME

The Company and Ltd. are separately taxed under the domestic tax laws of the state of incorporation of each entity

a. Tax Reform

On December 22, 2017, the U.S. Tax Cuts and Jobs Act of 2017 (the "TCJA") was signed into law. The TCJA makes broad and complex changes to the Internal Revenue Code of 1986 (the "Code") that impact the Company's provision for income taxes. The changes include, but are not limited to:

- Decreasing the corporate income tax rate from 35% to 21% effective for tax years beginning after December 31, 2017 ("Rate Reduction");
- The Deemed Repatriation Transition Tax; and
- Taxation of Global Intangible Low-Taxed Income ("GILTI") earned by foreign subsidiaries beginning after December 31, 2017. The GILTI tax imposes a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations

Accounting for the TCJA

In March 2018, the FASB issued ASU 2018-05, "Income Taxes Topic (740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118" ("ASU 2018-05"), to address the application of GAAP in situations when a registrant does not have the necessary information available, prepared or analyzed (including computations), in reasonable detail, to complete the accounting for certain income tax effects of the TCJA.

The Company completed the accounting treatment related to the tax effects of the TCJA. As a result:

- The Company recognizes its accounting for changes in the U.S. federal rate and deferred tax impact for the rate change to be complete.
- The Company's analysis for the Deemed Repatriation Transition Tax has been filed with its December 31, 2017 tax return and the Company considered its accounting relating to the TCJA to be complete as of such date and did not make any measurement-period adjustments related to it.
- The Company accounted for the tax impact related to other areas of the TCJA and believes its analysis to be completed and consistent with the guidance in ASU 2018-05. In particular, the Company concluded that for 2019, it should not be subject to any tax on account of GILTI or base erosion and anti-abuse payments made by U.S. corporations to foreign related parties.

The Company recognizes that the Internal Revenue Service, the FASB and the Securities and Exchange Commission are continuing to publish and finalize ongoing guidance with respect to the TCJA which may modify accounting interpretation for the TCJA, the Company will account for these impacts in the period in which any changes are enacted.

b. Tax rates applicable to Ltd.:

Corporate tax rate in Israel in 2018 and 2019 was 23%.

c. Net operating loss carryforward:

Ltd. has accumulated net operating losses for Israeli income tax purposes as of December 31, 2019 in the amount of approximately $62,470. The net operating losses may be carried forward and offset against taxable income in the future for an indefinite period.

U.S. dollars in thousands

NOTE 10:- TAXES ON INCOME (Cont.)

As of December 31, 2019, the Company had a U.S. federal net operating loss carryforward of approximately $11,046, of which $7,120 was generated from tax years 2011-2017 and can be carried forward and offset against taxable income and that expires during the years 2031 to 2037. Utilization of U.S. loss carryforward may be subject to substantial annual limitation due to the "change in ownership" provisions of the Code and similar state provisions. The annual limitations may result in the expiration of losses before utilization.

The remaining $3,926 of NOLs were generated in years 2018 and 2019, and are subject to the TCJA, which modified the rules regarding utilization of net operating losses ("NOL"). NOLs generated after December 31 2017 can only be used to offset 80% of taxable income with an indefinite carryforward period for unused carryforwards (i.e., they should not expire). Utilization of the federal and state net operating losses and credits may be subject to a substantial annual limitation due to an additional ownership change. The annual limitation may result in the expiration of net operating losses and credits before utilization and in the event the Company's has a change of ownership, utilization of the carryforwards could be restricted.

d. Deferred income taxes:

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets are as follows:

	December 31,	
	2019	**2018**
Deferred tax assets:		
Net operating loss and capital losses carry forward	$ 16,879	$ 10,294
Temporary differences	888	791
Deferred tax assets before valuation allowance	17,767	11,085
Valuation allowance	(17,767)	(11,085)
Net deferred tax asset	$ -	$ -

The deferred tax balances included in the consolidated financial statements as of December 31, 2019 are calculated according to the tax rates that were in effect as of the reporting date and do take into account the potential effects of the reduction in the tax rate.

The net change in the total valuation allowance for the year ended December 31, 2019 was an increase of $6,682 and is mainly relates to increase in deferred taxes on net operating loss for which a full valuation allowance was recorded. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those temporary differences and tax loss carryforward are deductible. Management considers the projected taxable income and tax-planning strategies in making this assessment. In consideration of the Company's accumulated losses and the uncertainty of its ability to utilize its deferred tax assets in the future, management currently believes that it is more likely than not that the Company will not realize its deferred tax assets and accordingly recorded a valuation allowance to fully offset all the deferred tax assets.

U.S. dollars in thousands (expect stock and stock data)

NOTE 10:- TAXES ON INCOME (Cont.)

e. Loss before taxes on income consists of the following:

	Year ended December 31,	
	2019	2018
Domestic	$ 4,418	$ 3,801
Foreign	13,318	14,002
	$ 17,736	$ 17,803

f. The main reconciling item between the statutory tax rate of the Company and the effective tax rate is the recognition of valuation allowance in respect of deferred taxes relating to accumulated net operating losses carried forward due to the uncertainty of the realization of such deferred taxes.

NOTE 11:- STOCKHOLDERS' EQUITY

a. The holders of Common Stock have the right to one vote for each share of Common Stock held of record by such holder with respect to all matters on which holders of Common Stock are entitled to vote, to receive dividends as they may be declared in the discretion of the Company's Board of Directors and to participate in the balance of the Company's assets remaining after liquidation, dissolution or winding up, ratably in proportion to the number of shares of Common Stock held by them after giving effect to any rights of holders of preferred stock. Except for contractual rights of certain investors, the holders of Common Stock have no pre-emptive or similar rights and are not subject to redemption rights and carry no subscription or conversion rights.

b. On April 3, 2015, the Company's Board of Directors approved stock for salary program pursuant to which the Company will issue compensation shares of restricted Common Stock ("Compensation Shares") to directors, officers and employees of the Company as consideration for a reduction in or waiver of cash salary, bonus or fees owed to such individuals. The waiver of cash salary will be done upon the average closing price of the Common Stock for the 30 trading days prior to the date the Compensation Shares are granted.

c. During the year ended December 31, 2019 and 2018, the Company issued 104,363 and 38,285, Compensation Shares, respectively, to certain members of the Board of Directors, officers and employees as consideration for a waiver of cash owed to such individuals amounting to $1,011 and $1,055, respectively.

d. During the year ended December 31, 2018, the Company's Compensation Committee of the Board of Directors approved the grant of an aggregate of 18,500 shares of Common Stock in lieu of $504 owed to service providers and the grant of an option to purchase 10,093 shares of Common Stock in lieu of $298 owed to a service provider of the Company. Of such share of Common Stock issued, 4,225 shares and the options were issued under the 2012 Plan (refer to note 11m).

e. On February 28, 2018 and March 6, 2018, the Company closed two concurrent private placements offerings consisting of 113,110 shares of the Company's Common Stock at $28.00 per share, 61,704 shares of the Company's Series C Convertible Preferred Stock (the "Series C Preferred Stock"), for aggregate gross proceeds of approximately $6,623 ($6,034 net of issuance expenses) at $56.00 per share, and warrants to purchase up to 189,218 shares of Common Stock. The shares of Series C Preferred Stock were convertible into an aggregate of 123,408 shares of Common Stock based on a conversion price of $28.00 per share. Such conversion price was not subject to any future price-based anti-dilution adjustments except for standard anti-dilution protection. The shares of Series C Preferred Stock were not redeemable nor contingently redeemable. The holders of the Series C Preferred Stock were not be entitled to convert such preferred stock into shares of the Company's Common Stock until the Company obtained stockholder approval for such issuance and upon obtaining such stockholder approval, automatically converted into shares of Common Stock. The holders of the Series C Preferred Stock did not possess any voting rights, but the Series C Preferred Stock did carry a liquidation preference for each holder equal to the investment made by such holder in the Offering. In addition, the holders of Series C Preferred Stock were eligible to participate in dividends and other distributions by the Company on an as converted basis. The warrants issued in the concurrent private placements are exercisable after the six-month anniversary of each respective closing and will expire on the 18-month anniversary of their issuance. Following the receipt of stockholder approval in May 2018, the shares of Series C Preferred Stock were converted into shares of Common Stock. In conjunction with these offerings the Company issued 1,613 shares of Common Stock to certain finders. The shares were issued under the 2012 Plan (refer to note 11m).

NOTE 11:- STOCKHOLDERS' EQUITY (Cont.)

f. In May 2018, the Company entered into exchange agreements (each, an "Exchange Agreement") with certain Company warrant holders who were granted warrants to purchase shares of Common Stock in March 2016 and January 2017. Pursuant to the terms of the Exchange Agreements, the warrant holders agreed to surrender their warrants to purchase an aggregate of 51,018 shares of Common Stock for cancellation and received, as consideration for such cancellation, an aggregate of 31,838 restricted shares of Common Stock creating a benefit to the warrant holders. As such the Company recorded a deemed dividend in the amount of $493.

g. In June and July 2018, the Company's Compensation Committee of the Board of Directors approved the grant of an aggregate of 57,642 shares to directors, officers, employees and consultants of the Company, and the grant of 12,200 and 1,050 options to employees and consultants of the Company, respectively, at an exercise price of $34.58 per share. The stock options vest over a period of three years commencing on the respective grant dates. All of the aforementioned options have a six-year term. All shares and options were issued under the 2012 Plan (refer to note 11m).

h. On September 13, 2018 and September 26, 2018, the Company closed concurrent private placements offerings consisting of 213,340 shares of the Company's Common Stock at $18.00 per share, 94,513 shares of the Company's Series D Convertible Preferred Stock (the "Series D Preferred Stock") at $72.00 per share, and warrants to purchase up to 473,131 shares of Common Stock, for aggregate gross proceeds of approximately $10,645 ($9,686 net of issuance expenses). The shares of Series D Preferred Stock were convertible into an aggregate of 378,052 shares of Common Stock based on a conversion price of $18.00 per share. Such conversion price was not subject to any future price-based anti-dilution adjustments except for standard anti-dilution protection. The shares of Series D Preferred Stock were not redeemable nor contingently redeemable. The holders of the Series D Preferred Stock were not be entitled to convert such preferred stock into shares of the Company's Common Stock until the Company obtained stockholder approval for such issuance and upon obtaining such stockholder approval, automatically converted into shares of Common Stock. The holders of the Series D Preferred Stock did not possess any voting rights, but the Series D Preferred Stock did carry a liquidation preference for each holder equal to the investment made by such holder in the Offering. In addition, the holders of Series D Preferred Stock were eligible to participate in dividends and other distributions by the Company on an as converted basis. The warrants issued in the concurrent private placements are exercisable after the six-month anniversary of each respective closing and will expire on the 36-month anniversary of their issuance. Following receipt of stockholder approval in November 2018, the shares of Series D Preferred Stock were converted into shares of Common Stock.

In conjunction with these offerings the Company issued 4,167 shares of Common Stock to certain finders.

i. On December 13, 2018, and December 27, 2018, the Company closed a private placement offering consisting of 152,504 shares of the Company's Common Stock at $20.00 per share and warrants to purchase up to 152,504 shares of Common Stock, for aggregate gross proceeds of approximately $3,050 ($3,023 net of issuance expenses). The warrants issued in the private placement are exercisable after the six-month anniversary of each respective closing and will expire on the 36-month anniversary of their issuance.

NOTE 11:- STOCKHOLDERS' EQUITY (Cont.)

j. On May 24, 2019, the Company closed a public offering (the "2019 Public Offering") of (i) 242,768 shares of Common Stock, at a price of $12 per share and (ii) pre-funded warrants (the "Pre-Funded Warrants") to purchase up to 358,779 shares of Common Stock, for aggregate consideration of $6,558, net of issuance expenses.

The Pre-Funded Warrants were sold at a public offering price of $11.998 per Pre-Funded Warrant, which represents the per share public offering price per Share, less a $0.0001 per share exercise price for each such Pre-Funded Warrant. The shares and Pre-Funded Warrants were offered, issued and sold pursuant to a shelf registration statement filed with the Securities and Exchange Commission. The Pre-Funded Warrants have been accounted for as equity instruments.

The Pre-Funded Warrants are exercisable at any time after the date of issuance. A holder of Pre-Funded Warrants may not exercise the warrant if the holder, together with any group that the holder is a member, would beneficially own more than 4.99% (or, at the election of the purchaser, 9.99%) of the number of shares of common stock outstanding immediately after giving effect to such exercise. A holder of Pre-Funded Warrants may terminate, increase or decrease this percentage by providing at least 61 days' prior notice to the Company. A holder of Pre-Funded Warrants is also subject to a limitation on exercise of the Pre-Funded Warrant if such exercise would result in such holder, together with any group that the holder is a member, beneficially owning more 19.99% of the number of shares of common stock outstanding immediately before giving effect to such exercise, unless shareholder approval is obtained.

k. In November and December, 2019, the Company entered into subscription agreements (the "Series A, A-1, A-2, A-3 and A-4 Subscription Agreement") for a sale of an aggregate of 21,375 shares of newly designated Series A, A-1, A-2, A-3 and A-4 Preferred Stock (the "Series A Preferred Stock"), at a purchase price of $1,000 per share (the "Stated Value"), for aggregate proceeds, net of issuance expenses to the Company, of approximately $21,375 ($18,689 net of issuance expenses). The initial conversion price for the Series A, A-1, A-2, A-3 and A-4 Preferred Stock was $4.05, $4.05, $4.28, $4.98 and $5.90, respectively, subject to adjustment in the event of stock splits, stock dividends, and similar transactions). As such, the Company recorded a deemed dividend in the amount of $2,860 for the benefit created to the series A-2, A-3 and A-4 holders.

The holders of series A Preferred Stock (excluding Series A-1 Preferred Stock, which do not possess any voting rights) shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of the Certificate of Incorporation, Holders of Series A Preferred Stock shall vote together with the holders of Common Stock as a single class. Upon any liquidation, dissolution or winding-up of the Company, after the satisfaction in full of the debts of the Company and payment of the liquidation preference to the Senior Securities, holders of Series A Preferred Stock shall be entitled to be paid, on a pari passu basis with the payment of any liquidation preference afforded to holders of any Parity Securities, the remaining assets of the Company available for distribution to its stockholders. For these purposes, (i) "Parity Securities" means the Common Stock, Series A Preferred Stock and any other class or series of capital stock of the Company hereinafter created that expressly ranks pari passu with the Series A Preferred Stock; and (ii) "Senior Securities" shall mean any class or series of capital stock of the Company hereafter created which expressly ranks senior to the Parity Securities.

Each share of Series A Preferred Stock is convertible at the option of the holder, subject to certain beneficial ownership limitations as set forth in the Series A Certificate of Designation into such number of shares of Company's Common Stock equal to the number of Series A Preferred Shares to be converted, multiplied by the Stated Value, divided by the conversion price in effect at the time of the conversion.

U.S. dollars in thousands (expect stock and stock data)

NOTE 11:- STOCKHOLDERS' EQUITY (Cont.)

The Series A Preferred Stock will automatically convert into shares of Common Stock, subject to certain beneficial ownership limitations, on the earliest to occur of (i) upon the approval of the holders at least 50.1% of the outstanding shares of Series A Preferred with respect to the Series A Preferred Stock; or (ii) the 36-month anniversary of each of the Series A Effective Date. The holders of Series A Preferred Stock will also be entitled dividends payable as follows: (i) a number of shares of Common Stock equal to ten percent (10%) of the number of shares of Common Stock issuable upon conversion of the Series A Preferred Stock then held by such holder on the 12-month anniversary of the Series A Effective Date, (ii) a number of shares of Common Stock equal to fifteen percent (15%) of the number of shares of Common Stock issuable upon conversion of the Series A Preferred then held by such holder on the 24-month anniversary of the Series A Effective Date, and (iii) a number of shares of Common Stock equal to twenty percent (20%) of the shares of Common Stock issuable upon conversion of the Series A Preferred Stock then held by such holder on the 36-month anniversary of the Series A Effective Date. The Company accounted for the dividend as a deemed dividend in a total amount of $295.

Pursuant to the Placement Agency Agreement (the "Placement Agency Agreement") executed by and between the Company and the registered broker dealer retained to act as the Company's exclusive placement agent (the "Placement Agent") for the offering of the Series A Preferred Stock, the Company paid the Placement Agent an aggregate cash fee of $1,788, non-accountable expense allowance of $641 and was required to issue to the Placement Agent or its designees warrants to purchase 719,243 shares of Common Stock at an exercise price ranging from $4.05 to $5.90 per share (the "Placement Agent Warrants"). The Placement Agent Warrants are exercisable for a period of five years from the date of the final closing of the Series A Preferred Stock Offering.

l. The table below summarizes the outstanding warrants as of December 31, 2019:

	Warrants outstanding as of December 31, 2019	Exercise price $	Expiration date
February 2015 PPM A (*)	232	86.40	November 25,2015
March 2016 Public Offering -Warrants	76,417	86.80	March 8, 2021
March 2016 Public Offering - Representative's Warrants	7,172	112.50	March 8, 2021
March 2017 Public Offering - Representative's Warrants	1,820	77.50	March 31, 2022
September 2018 PPM	459,796	25.00	September 13, 2021
September 2018 PPM (Finder Warrants)	7,030	25.00	September 13, 2021
September 2018 PPM 2nd closing	13,335	25.00	September 26, 2021
December 2018 PPM	150,004	25.00	December 14, 2021
December 2018 PPM 2nd closing	2,500	25.00	December 27, 2021
Placement Agent Warrants A-1 December 2019	485,688	4.05	December 19, 2024
Placement Agent Warrants A-2 December 2019	64,976	4.28	December 19, 2024
Placement Agent Warrants A-3 December 2019	150,214	4.98	December 19, 2024
Placement Agent Warrants A-4 December 2019	18,365	5.90	December 19, 2024
Total outstanding (**)	1,437,549		

(*) Warrants for which cash has been received by the Company but no securities issued.

(**) The outstanding amount doesn't include 358,799 prefunded purchase warrants.

No warrants were exercised in 2019 and 2018.

NOTE 11:- STOCKHOLDERS' EQUITY (Cont.)

m. Stock-based compensation:

On January 23, 2012, an equity incentive plan (the "2012 Plan") was adopted by the Board of Directors of the Company and approved by a majority of the Company's stockholders, under which options to purchase shares of Common Stock have been reserved. Under the 2012 Plan, options to purchase shares of Common Stock may be granted to employees and non-employees of the Company or any affiliate, each option granted can be exercised to one share of Common Stock.

During 2018, the Company's stockholders approved an amendment to the 2012 Plan to increase the number of shares authorized for issuance under the 2012 Plan by 250,000 shares, from 143,650 to 393,650.

During 2019, the Company's stockholders approved an amendment to the 2012 Plan to increase the number of shares authorized for issuance under the 2012 Plan by 225,000 shares, from 393,650 to 618,650.

The following options were issued under the 2012 Plan during 2018 and 2019:

On April 23, 2018, the Company's Compensation Committee of the Board of Directors approved the grant of 4,688 options to a consultant of the Company, at an exercise price of $0.0001 per share. The option fully vested on the grant date and has a six-year term. This option was issued in lieu of a cash waiver of $150 by the consultant.

On July 23, 2018, the Company's Compensation Committee of the Board of Directors approved the grant of 3,541 options to consultants of the Company, at an exercise price of $0.0001 per share. 3,141 options fully vested on the grant date, and 400 will vest in 12 equal monthly installments. The options have a six-year term. These options were issued in lieu of a cash waiver of $102 by the consultants.

In June and July 2018, the Company's Compensation Committee of the Board of Directors approved the grant of an aggregate of 57,642 shares to directors, officers, employees and consultants of the Company, and the grant of 12,206 and 1,048 options to employees and consultants of the Company, respectively, at an exercise price of $34.58 per share. The stock options shall vest over a period of three years commencing on the respective grant dates. All of the aforementioned options have a six-year term.

On November 22, 2018, the Company's Compensation Committee of the Board of Directors approved the grant of 6,000 options to its President and Chief Commercial Officer, at exercise prices of $15.90 per share. The options will vest over a three years period from the grant date and have a six-year term.

On November 22, 2018, the Company's Compensation Committee of the Board of Directors approved the grant of 1,864 options to consultants of the Company, at an exercise price of $0.0001 per share. The options fully vested on the grant date and have a six-year term. These options were issued in lieu of a cash waiver of $45 by the consultants. In addition, the Company's Compensation Committee of the Board of Directors approved the grant of 1,313 options to a consultant of the Company at an exercise price of $19.96 per share. The options will vest over a three year period from the grant date and have a six-year term.

On December 10, 2018, the Company's Compensation Committee of the Board of Directors approved the grant of an aggregate of 2,346 options to employees of the Company, at an exercise price of $18.54 per share. The stock options will vest over a three years period commencing on the grant date and have a six-year term.

On April 29, 2019, the Company's Compensation Committee of the Board of Directors approved the grant of an aggregate of 51,613 shares to directors, officers and employees of the Company, and the grant of 29,236 options to employees, directors and consultants of the Company, respectively, at exercise prices of $14.40 and $15.40 per share. The stock options vest over a period of three years commencing on the respective grant dates. All of the aforementioned options have a six-year term.

U.S. dollars in thousands (expect stock and stock data)

NOTE 11:- STOCKHOLDERS' EQUITY (Cont.)

In September and October 2019, the Company's Compensation Committee of the Board of Directors approved the grant of an aggregate of 5,378 shares of Common Stock to service providers of which 4,753 were issued during the third and fourth quarters, and the grant of 3,939 options to consultants of the Company, at exercise price of $12.00 per share, and 462 options in lieu of $8 owed in cash to a consultant.

On December 24, 2019, the Company's Compensation Committee of the Board of Directors approved the grant of 42,500 options to employees of the Company, at exercise prices of $5.63 and $6.35 per share. The stock options vest over a period of three years commencing on the respective grant dates. All of the aforementioned options have a six-year term.

Transactions related to the grant of options to employees, directors and non-employees under the above plans during the year ended December 31, 2019 were as follows:

	Number of options**)	Weighted average exercise price	Weighted average remaining contractual life	Aggregate Intrinsic value
		$	Years	$
Options outstanding at beginning of year	89,436	111.74	4.32	368
Options granted	76,137	9.41		
Options exercised	406	*)-		
Options expired	5,286	63.22		
Options forfeited	11,801	20.98		
Options outstanding at end of year	148,080	68.56	4.41	192
Options vested and expected to vest at end of year	132,517	73.81	4.31	185
Exercisable at end of year	72,532	127.3	3.18	156

*) Represents an amount lower than $1.

**) Reverse Stock Split, see note 1f.

Weighted average fair value of options granted during the year ended December 31, 2019 and 2018 is $9.41 and $11.20, respectively.

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the Company's closing stock price on the last day of fiscal 2019 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2019. This amount is impacted by the changes in the fair market value of the Common Stock.

U.S. dollars in thousands (expect stock and stock data)

NOTE 11:- STOCKHOLDERS' EQUITY (Cont.)

The following table presents the assumptions used to estimate the fair values of the options granted to employees and directors in the period presented:

	Year ended December 31,	
	2019	**2018**
Volatility	84.34%-90.82%	83.41%-105.38%
Risk-free interest rate	1.69%-2.28%	2.69%-2.88%
Dividend yield	0%	0%
Expected life (years)	3.5-4.5	3.5-4.5

The following table presents the assumptions used to estimate the fair values of the options granted to non-employees in the period presented:

	Year ended December 31,	
	2019	**2018**
Volatility	84.34%-90.82%	82.61%-107.42%
Risk-free interest rate	1.41%-2.28%	2.41%-2.96%
Dividend yield	0%	0%
Expected life (years)	3.5-4.5	2.96-5.94

As of December 31, 2019, the total unrecognized estimated compensation cost related to non-vested stock options granted prior to that date was $977, which is expected to be recognized over a weighted average period of approximately 1.41 year.

The total compensation cost related to all of the Company's equity-based awards, recognized during year ended December 31, 2019 and 2018 were comprised as follows:

	Year ended December 31,	
	2019	**2018**
Cost of revenues	$ 59	$ 116
Research and development	236	404
Sales and marketing	300	607
General and administrative	1,721	2,631
Total stock-based compensation expenses	$ 2,316	$ 3,758

U.S. dollars in thousands

NOTE 12:- SELECTED STATEMENTS OF OPERATIONS DATA

Financial expenses (income), net:

	Year ended December 31,	
	2019	2018
Bank charges	$ 27	$ 18
Foreign currency adjustments losses, net	20	98
Change in the fair value of warrants	-	(1)
Interest income	(16)	-
Total Financial income, net	$ 31	$ 115

NOTE 13:- SUBSEQUENT EVENTS

In January 2020, 47,074 shares of Common Stock were issued to certain members of the Board of Directors, officers and employees as consideration for a reduction in or waiver of cash salary or fees amounting to $201 owed to such individuals and approved the grant of 25,000 options to employees of the Company, at exercise prices of $8.27 and $8.41 per share. The stock options vest over a period of three years commencing on the respective grant dates. All of the aforementioned options have a six-year term. The shares and options were issued under the Company's 2012 Plan.

In January 2020, the Company entered into exchange agreements (each an "Exchange Agreement") with certain Company warrant holders who were granted warrants to purchase up to an aggregate of 139,336 shares of Common Stock in September 2018. Pursuant to the terms of the Exchange Agreements, the warrant holders agreed to surrender such warrants for cancellation and received, as consideration for the cancellation of such 2018 warrants, in the aggregate 97,536 restricted shares of Common Stock, thereby creating a benefit to these warrant holders.

On January 29, 2020, the Board of Directors authorized the Company to issue warrants to purchase up to 13,750 and 250,000 shares of Common Stock to certain consultants of the Company, at a purchase price of $12.00 and $6.56, respectively. In addition, the Board of Directors approved the grant of 50,000 shares of Common Stock to a consultant of the Company.

On January 30, 2020, the Compensation Committee of the Board of Directors approved the grant of a non-qualified stock option award to purchase 90,000 shares of the Company's Common Stock, as well as an additional non-qualified performance-based stock option award to purchase an additional 90,000 shares of the Company's Common Stock outside of the Company's existing equity compensation plans, pursuant to Nasdaq Listing Rule 5635(c)(4), in connection with the employment of its President and General Manager of North America.

On February 5, 2020, the Company's stockholders approved an amendment to the 2012 Plan to increase the number of shares authorized for issuance under the 2012 Plan by 1,350,000 shares, from 618,650 to 1,968,650.

On February 12, 2020, the Company's Compensation Committee of the Board of Directors approved the grant of an aggregate of 654,246 shares to directors, officers, employees and consultants of the Company, and the grant of 335,991 options to employees and consultants of the Company, at exercise prices of $7.736 and $9.237 per share. The stock options vest over a period of three years commencing on the respective grant dates. All the aforementioned options have a six-year term. All options were issued under the 2012 Plan.

On February 27, 2020, the Compensation Committee of the Board of Directors approved the grant of a non-qualified stock option award to purchase 90,000 shares of the Company's common stock to director, at exercise prices of $7.30 per share. The stock options vest over a period of three years commencing on the respective grant date. All options were issued under the 2012 Plan.

On March 2, 2020, the Compensation Committee of the Board of Directors approved the grant of a non-qualified stock option award to purchase 50,000 shares of the Company's Common Stock outside of the Company's existing equity compensation plans, pursuant to Nasdaq Listing Rule 5635(c)(4) in connection with the employment of its Chief medical Officer.

In March 2020, 16,280 shares of Common Stock and 540 options to purchase Common Stock were issued to certain consultants of the Company, a portion of which were made in lieu of cash owed to such consultants. All options were issued under the 2012 Plan.

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CERTIFICATE OF INCORPORATION
OF
DARIOHEALTH CORP.

as amended as of November 18, 2019

The undersigned, for the purposes of forming a corporation for conducting the business and promoting the purposes hereinafter stated, under the provisions and subject to the requirements of the laws of the State of Delaware (particularly Chapter 1, Title 8 of the Delaware Code and the acts amendatory thereof and supplemental hereto, and generally known as the "**Delaware General Corporation Law**"), does hereby make, file and record this Certificate of Incorporation, and does hereby certify as follows:

FIRST: The name of the corporation is DarioHealth Corp. (hereinafter sometimes referred to as the "**Corporation**").

SECOND: The address of the Corporation's registered office in the State of Delaware is 1811 Silverside Road, Wilmington, DE 19810, New Castle County; and the name of the registered agent of the Corporation in the State of Delaware at such address is Vcorp Services LLC. The Corporation shall have the authority to designate other registered offices and registered agents both in the State of Delaware and in other jurisdictions.

THIRD: The nature of the business and the purposes to be conducted and promoted by the Corporation shall be to engage in any lawful business, to promote any lawful purpose, and to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

FOURTH: The capital stock of the Corporation shall be as follows:

1. Classes of Stock. The Corporation is authorized to issue two classes of shares of capital stock to be designated, respectively, common stock ("**Common Stock**") and preferred stock ("**Preferred Stock**"). The number of shares of Common Stock authorized to be issued is one hundred sixty million (160,000,000), par value $0.0001 per share, and the number of shares of Preferred Stock authorized to be issued is five million (5,000,000), par value $0.0001 per share; the total number of shares which the Corporation is authorized to issue is one hundred sixty five million (165,000,000).

2. Common Stock. Except as otherwise provided by law or by the resolution or resolutions providing for the issue of any series of Preferred Stock, the holders of outstanding shares of Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes. Except as otherwise required by law or this Certificate of Incorporation of the Corporation, each holder of Common Stock is entitled to one vote for each share of Common Stock held of record by such holder with respect to all matters on which holders of Common Stock are entitled to vote. Subject to the Delaware General Corporation Law and the rights, if any, of the holders of any outstanding series of Preferred Stock, dividends may be declared and paid on the Common Stock at such times and in such amounts as the Board of Directors of the Corporation (the "**Board of Directors**") in its discretion shall determine. Upon the dissolution, liquidation or winding up of the Corporation, subject to the rights, if any, of the holders of any outstanding series of Preferred Stock, the holders of the Common Stock, as such, shall be entitled to receive the assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares held by them. Upon the effectiveness of the amendment to the certificate of incorporation containing this sentence (the "**Split Effective Time**"), each share of the Common Stock issued and outstanding immediately prior to the date and time of the filing hereof with the Secretary of State of Delaware shall be automatically changed and reclassified into a smaller number of shares such that each twenty (20) shares of issued Common Stock immediately prior to the Split Effective Time is reclassified into one (1) share of Common Stock. Notwithstanding the immediately preceding sentence, there shall be no fractional shares issued and, in lieu thereof, a holder of Common Stock on the Split Effective Time who would otherwise be entitled to a fraction of a share as a result of the reclassification, following the Split Effective Time, shall receive a full share of Common Stock upon the surrender of such stockholders' old stock certificate. No stockholders will receive cash in lieu of fractional shares.

3. Rights, Preferences and Restrictions of Preferred Stock. The Preferred Stock may be issued from time to time in one or more series, without further stockholder approval. The Board of Directors is hereby authorized, in the resolution or resolutions adopted by the Board of Directors providing for the issue of any wholly unissued series of Preferred Stock, within the limitations and restrictions stated in this Certificate of Incorporation, to fix or alter the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption rights and price or prices(and the method of determining such price or prices), the liquidation preferences of any wholly unissued series of Preferred Stock, the number of shares constituting any such series and the designation thereof and the restrictions on issuance of shares of the same series or of any other class or series, if any, or any of them, and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding, and any other preferences, privileges and relative rights of such series as the Board of Directors may deem advisable, provided no shares of such series are then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

4. Rights and Options. The Corporation has the authority to create and issue rights, warrants and options entitling the holders thereof to purchase shares of any class or series of the Corporation's capital stock or other securities of the Corporation, and such rights, warrants and options shall be evidenced by instrument(s) approved by the Board of Directors. The Board of Directors is empowered to set the exercise price, duration, times for exercise and other terms and conditions of such rights, warrants or options; provided, however, that the consideration to be received for any shares of capital stock subject thereto may not be less than the par value thereof.

FIFTH: The Corporation shall have perpetual existence.

SIXTH: For the management of the business and for the conduct of the affairs of the Corporation, and in further definition, limitation and regulation of the powers of the Corporation and of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

1. The business of the Corporation shall be conducted by the officers of the Corporation under the supervision of the Board of Directors.

2. The number of directors which shall constitute the whole Board of Directors shall be fixed by, or in the manner provided in, the Bylaws of the Corporation (the "**Bylaws**"). No election of Directors need be by written ballot.

3. Notwithstanding any other provision of law, all action required to be taken by the stockholders of the Corporation shall be taken at a meeting duly called and held in accordance with law, the Certificate of Incorporation and the Bylaws, or by written consent signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

SEVENTH:

1. The Corporation may, to the fullest extent permitted by Section 145 of the Delaware General Corporation Law, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities, costs or other matters referred to in or covered by said section, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which a person indemnified may be entitled under any Bylaw, agreement, insurance, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

2. No director shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty by such director as a director. Notwithstanding the foregoing sentence, a director shall be liable to the extent provided by applicable law: (i) for breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this paragraph (2) of this Article Seventh shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such Director occurring prior to such amendment.

EIGHTH: From time to time any of the provisions of this Certificate of Incorporation may be amended, altered or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the stockholders of the Corporation by this Certificate of Incorporation are granted subject to the provisions of this Article EIGHTH.

NINTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

Exhibit 4.6

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following description of the securities of DarioHealth Corp. (the "Company") is a summary only and pertains to the Company's Common Stock and certain warrant to purchase shares of Common Stock issued in March 2016 (the "Common Stock Warrants"), which are the Company's only securities registered under Section 12 of the Securities Exchange Act of 1934, as amended. This summary is not complete and is subject to and qualified by the applicable provisions of the Delaware General Corporation Law as well as provisions of the Company's Certificate of Incorporation, as amended (the "Charter"), and By-laws, as amended (the "By-laws"), which are filed as exhibits to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and are incorporated by reference herein.

Common Stock

Pursuant to the Company's Charter, the Company is authorized to issue up to one hundred sixty million (160,000,000) shares of common stock, par value $0.0001 per share (the "Common Stock").

The Common Stock is traded on The Nasdaq Capital Market under the symbol "DRIO." As of March 13, 2020, Common Stock Warrants to purchase 1,528,333 shares of Common Stock are outstanding.

The holders of shares of Common Stock vote together as one class on all matters as to which holders of Common Stock are entitled to vote. Except as otherwise required by applicable law, all voting rights, subject to the preferential rights of any outstanding preferred stock, are vested in and exercised by the holders of Common Stock with each share of Common Stock being entitled to one vote, including in all elections of directors. The Company does not have a classified board of directors (the "Board").

The holders of Common Stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the Board out of legally available funds therefore. The Company has not declared any dividends on its Common Stock and does not anticipate paying any dividends on its Common Stock in the foreseeable future.

In the event of the Company's liquidation, dissolution or winding up, holders of the Common Stock are entitled to share ratably in all assets remaining after payment of liabilities. The Common Stock has no cumulative voting rights and no preemptive or other rights to subscribe for shares of the Company.

There are no redemption or sinking fund provisions applicable to the Common Stock. All shares of Common Stock currently outstanding are fully paid and non-assessable.

The Company is permitted to issue, and has from time to time, issued warrants and options to purchase shares of the Common Stock, as well as restricted stock units.

Common Stock Warrants

Common Stock Warrants to purchase up to 76,417 shares of Common Stock, are traded on The Nasdaq Capital Market under the symbol “DRIOW.”

The Common Stock Warrants are exercisable at any time after their original issuance (March 8, 2016), and at any time up to the date that is five (5) years after their original issuance.

The exercise price per share of Common Stock under each Common Stock Warrant shall be $86.80, subject to adjustment thereunder.

The Common Stock Warrants are exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice and, at any time a registration statement registering the issuance of the shares of Common Stock underlying the Common Stock Warrants under the Securities Act of 1933, as amended (the “Securities Act”), is effective and available for the issuance of such shares, or an exemption from registration under the Securities Act is available for the issuance of such shares, by payment in full in immediately available funds for the number of shares of Common Stock purchased upon such exercise. If a registration statement registering the issuance of the shares of Common Stock underlying the Common Stock Warrants under the Securities Act is not effective or available and an exemption from registration under the Securities Act is not available for the issuance of such shares, the holder may, in its sole discretion, elect to exercise the Common Stock Warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of shares of Common Stock determined according to the formula set forth in the Common Stock Warrant. No fractional shares of Common Stock will be issued in connection with the exercise of a warrant. In lieu of fractional shares, we will pay the holder an amount in cash equal to the fractional amount multiplied by the exercise price.

If the Company, at any time while the Common Stock Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of the Common Stock Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the exercise price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of the Common Stock Warrant shall be proportionately adjusted such that the aggregate exercise price of the Common Stock Warrant shall remain unchanged. Any adjustment made pursuant to the Common Stock Warrant shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification. For the purposes of clarification, the exercise price of the Common Stock Warrant will not be adjusted in the event that the Company or any subsidiary thereof, as applicable, sells or grants any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or Common Stock equivalents, at an effective price per share less than the exercise price then in effect.

The exercise price is also subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our Common Stock and also upon any distributions of assets, including cash, stock or other property to our stockholders.

A holder will not have the right to exercise any portion of the Common Stock Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of shares of our Common Stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the Common Stock Warrants. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99% upon at least 61 days' prior notice from the holder to us.

In the event of a fundamental transaction, as described in the Common Stock Warrants and generally including any reorganization, recapitalization or reclassification of our Common Stock, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding Common Stock, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding Common Stock, the holders of the Common Stock Warrants will be entitled to receive upon exercise of the Common Stock Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the Common Stock Warrants immediately prior to such fundamental transaction.

Except as otherwise provided in the Common Stock Warrants or by virtue of such holder's ownership of shares of our Common Stock, the holder of a warrant does not have the rights or privileges of a holder of our Common Stock, including any voting rights, until the holder exercises the Common Stock Warrant.

Preferred Stock

Pursuant to the Company's Charter, the Company is authorized to issue, up to five million (5,000,000) shares of preferred stock, par value $0.0001 per share (the "Preferred Stock").

There can be one or more series of Preferred Stock. The Company can establish from time to time the number of shares to be included in each such series, as well as to fix the designation and any preferences, conversion and other rights and limitations of such series. These rights and limitations may include voting powers, limitations as to dividends, and qualifications and terms and conditions of redemption of the shares of each such series.

To date, the Company has designated twenty five thousand (25,000) shares of its blank check Preferred Stock as Series A Preferred Stock, twelve thousand five hundred (12,500) shares of its blank check preferred stock as Series A-1 Preferred Stock, twelve thousand five hundred (12,500) shares of its blank check preferred stock as Series A-2 Preferred Stock, twelve thousand five hundred (12,500) shares of its blank check preferred stock as Series A-3 Preferred Stock and twelve thousand five hundred (12,500) shares of its blank check preferred stock as Series A-4 Preferred Stock.

Anti-Takeover Effects of the Company's Charter and By-Laws

In addition to provisions under Delaware law, the Company's Charter and By-Laws contain provisions that could have the effect of discouraging potential acquisition proposals or making a tender offer or delaying or preventing a change in control, including changes a stockholder might consider favorable. In particular, the Charter and/or By-Laws, as applicable, among other things:

- provide the Board with the exclusive authority to call special meetings of the stockholders;
- provide the Board with the ability to alter the By-Laws without stockholder approval;
- provide the Board with the exclusive authority to fix the number of directors constituting the whole Board; and
- provide that vacancies on the Board may be filled by a majority of directors then in office, although less than a quorum.

Such provisions may have the effect of discouraging a third-party from acquiring the Company, even if doing so would be beneficial to the Company's stockholders. These provisions are intended to enhance the likelihood of continuity and stability in the composition of the Board and in its policies, and to discourage some types of transactions that may involve an actual or threatened change in control of the Company. These provisions are designed to reduce the Company's vulnerability to an unsolicited acquisition proposal and to discourage some tactics that may be used in proxy fights. The Company believes that the benefits of increased protection of its potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure the Company outweigh the disadvantages of discouraging such proposals because, among other things, negotiation of such proposals could result in an improvement of their terms. However, these provisions could have the effect of discouraging others from making tender offers for shares of the Company's Common Stock and, as a consequence, they also may inhibit fluctuations in the market price of the shares of the Company's Common Stock that could result from actual or rumored takeover attempts. These provisions also may have the effect of preventing changes in the Company's management.

Exhibit 4.7

Warrant Certificate No. PAW- __

NEITHER THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES ISSUABLE UPON THE EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND NEITHER SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) AN EXEMPTION FROM SUCH REGISTRATION EXISTS AND THE COMPANY RECEIVES AN OPINION OF COUNSEL TO THE HOLDER OF SUCH SECURITIES, WHICH COUNSEL AND OPINION ARE SATISFACTORY TO THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR APPLICABLE STATE SECURITIES LAWS.

Effective Date: [ ], 2019 Void After: [ ], 2024

DARIOHEALTH CORP.

WARRANT TO PURCHASE COMMON STOCK

DarioHealth Corp., a Delaware corporation (the "**Company**"), for value received on **[ ]**, 2019 (the "**Effective Date**"), hereby issues to **[ ]** (the "**Holder**" or "**Warrant Holder**") this Warrant (the "**Warrant**") to purchase, **[ ]** shares (each such share as from time to time adjusted as hereinafter provided being a "**Warrant Share**" and all such shares being the "**Warrant Shares**") of the Company's Common Stock (as defined below), at the Exercise Price (as defined below), as adjusted from time to time as provided herein, on or before **[ ]**, 2024 (the "**Expiration Date**"), all subject to the following terms and conditions. This Warrant is one of a series of placement agent warrants of like tenor that have been issued in connection with the Company's private offering of Series [ ] Convertible Preferred Stock, pursuant to the terms of that certain Confidential Private Placement Memorandum of the Company dated October 22, 2019, as the same may have been amended and supplemented from time to time and the Placement Agency Agreement dated October 22, 2019, as the same may have been amended from time to time.

As used in this Warrant, (i) "**Business Day**" means any day other than Saturday, Sunday or any other day on which commercial banks in the City of New York, New York, are authorized or required by law or executive order to close; (ii) "**Change of Control**" means (x) any transaction or series of related transactions (including any reorganization, merger or consolidation) that results in the transfer of 51% or more of the voting securities of the Company (excluding, for these purposes, private placements of newly issued shares), or (y) any transfer, disposition or sale of all or substantially all of the assets of the Company to another person; (iii) "**Common Stock**" means the common stock of the Company, par value $0.0001 per share, including any securities issued or issuable with respect thereto or into which or for which such shares may be exchanged for, or converted into, pursuant to any stock dividend, stock split, stock combination, recapitalization, reclassification, reorganization or other similar event; (iii) "**Exercise Price**" means $[ ] per share of Common Stock, subject to adjustment as provided herein; (iv) "**Trading Day**" means any day on which the Common Stock is traded (or available for trading) on its principal trading market; and (v) "**Affiliate**" means any person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, a person, as such terms are used and construed in Rule 144 promulgated under the Securities Act of 1933, as amended (the "**Securities Act**").

1. DURATION AND EXERCISE OF WARRANTS

(a) Exercise Period. The Holder may exercise this Warrant in whole or in part on any Business Day on or before 5:00 P.M., Eastern Time, on the Expiration Date, at which time this Warrant shall become void and of no value.

(b) Exercise Procedures.

(i) While this Warrant remains outstanding and exercisable in accordance with Section 1(a), in addition to the manner set forth in Section 1(b)(ii) below, the Holder may exercise this Warrant in whole or in part at any time and from time to time by:

(A) delivery to the Company of a duly executed copy of the Notice of Exercise attached as **Exhibit A**;

(B) surrender of this Warrant to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder; and

(C) payment of the then-applicable Exercise Price per share multiplied by the number of Warrant Shares being purchased upon exercise of the Warrant (such amount, the "**Aggregate Exercise Price**") made in the form of cash, or by certified check, bank draft or money order payable in lawful money of the United States of America or in the form of a Cashless Exercise to the extent permitted in Section 1(b)(ii) below.

(ii) At any time commencing six months after the Effective Date, the Holder may, in its sole discretion, exercise all or any part of the Warrant in a "cashless" or "net-issue" exercise (a "**Cashless Exercise**") by delivering to the Company (1) the Notice of Exercise and (2) the original Warrant, pursuant to which the Holder shall surrender the right to receive upon exercise of this Warrant, a number of Warrant Shares having a value (as determined below) equal to the Aggregate Exercise Price, in which case, the number of Warrant Shares to be issued to the Holder upon such exercise shall be calculated using the following formula:

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

with: X = the number of Warrant Shares to be issued to the Holder

Y = the number of Warrant Shares with respect to which the Warrant is being exercised

A = the fair value per share of Common Stock on the date of exercise of this Warrant

B = the then-current Exercise Price of the Warrant

Solely for the purposes of this paragraph, "**fair value**" per share of Common Stock shall mean the Closing Price (as defined below) per share of Common Stock on the date prior to the date on which the Notice of Exercise is deemed to have been given to the Company pursuant to Section 11 hereto. "**Closing Price**" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on the New York Stock Exchange, the NYSE MKT, the NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market or any other national securities exchange, the closing price per share of the Common Stock for such date (or the nearest preceding date) on the primary eligible market or exchange on which the Common Stock is then listed or quoted; (b) if prices for the Common Stock are then quoted on the OTC Bulletin Board or any tier of the OTC Markets, the closing bid price per share of the Common Stock for such date (or the nearest preceding date) so quoted; or (c) if prices for the Common Stock are then reported in the "Pink Sheets" published by the National Quotation Bureau Incorporated (or a similar organization or agency succeeding to its functions of reporting prices), the most recent closing bid price per share of the Common Stock so reported. If the Common Stock is not publicly traded as set forth above, the "fair value" per share of Common Stock shall be reasonably and in good faith determined by the Board of Directors of the Company as of the date which the Notice of Exercise is deemed to have been sent to the Company.

For purposes of Rule 144 promulgated under the Securities Act, it is intended, understood and acknowledged that the Warrant Shares issued in a cashless exercise transaction shall be deemed to have been acquired by the Holder, and the holding period for such shares shall be deemed to have commenced, on the Effective Date of this Warrant.

(iii) Upon the exercise of this Warrant in compliance with the provisions of this Section 1(b), and except as limited pursuant to the last paragraph of Section 1(b)(ii), the Company shall promptly issue and cause to be delivered to the Holder a certificate for the Warrant Shares purchased by the Holder. Each exercise of this Warrant shall be effective immediately prior to the close of business on the date (the "**Date of Exercise**") that the conditions set forth in Section 1(b) have been satisfied, as the case may be. On the first Business Day following the date on which the Company has received each of the Notice of Exercise and the Aggregate Exercise Price (or notice of a Cashless Exercise in accordance with Section 1(b)(ii)) (the "**Exercise Delivery Documents**"), the Company shall transmit an acknowledgment of receipt of the Exercise Delivery Documents to the Company's transfer agent (the "**Transfer Agent**"). On or before the third Business Day following the date on which the Company has received all of the Exercise Delivery Documents (the "**Share Delivery Date**"), the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program, upon the request of the Holder, credit such aggregate number of shares of Common Stock to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit Withdrawal Agent Commission system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and dispatch by overnight courier to the address as specified in the Notice of Exercise, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder is entitled pursuant to such exercise. Upon delivery of the Exercise Delivery Documents, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the certificates evidencing such Warrant Shares.

(iv) [RESERVED]

(c) Partial Exercise. This Warrant shall be exercisable, either in its entirety or, from time to time, for part only of the number of Warrant Shares referenced by this Warrant. If this Warrant is submitted in connection with any exercise pursuant to Section 1 and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the actual number of Warrant Shares being acquired upon such an exercise, then the Company shall as soon as practicable and in no event later than five (5) Business Days after any exercise and at its own expense, issue a new Warrant of like tenor representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised.

(d) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 16.

2. ISSUANCE OF WARRANT SHARES

(a) The Company covenants that all Warrant Shares will, upon issuance in accordance with the terms of this Warrant, be (i) duly authorized, fully paid and non-assessable, and (ii) free from all liens, charges and security interests, with the exception of claims arising through the acts or omissions of any Holder and except as arising from applicable Federal and state securities laws.

(b) The Company shall register this Warrant upon records to be maintained by the Company for that purpose in the name of the record holder of such Warrant from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner thereof for the purpose of any exercise thereof, any distribution to the Holder thereof and for all other purposes.

(c) The Company will not, by amendment of its certificate of incorporation, by-laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all action necessary or appropriate in order to protect the rights of the Holder to exercise this Warrant, or against impairment of such rights.

3. ADJUSTMENTS OF EXERCISE PRICE, NUMBER AND TYPE OF WARRANT SHARES

(a) The Exercise Price and the number of shares purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the occurrence of certain events described in this Section 3; provided, that notwithstanding the provisions of this Section 3, the Company shall not be required to make any adjustment if and to the extent that such adjustment would require the Company to issue a number of shares of Common Stock in excess of its authorized but unissued shares of Common Stock, less all amounts of Common Stock that have been reserved for issue upon the conversion of all outstanding securities convertible into shares of Common Stock and the exercise of all outstanding options, warrants and other rights exercisable for shares of Common Stock. If the Company does not have the requisite number of authorized but unissued shares of Common Stock to make any adjustment, the Company shall use its commercially best efforts to obtain the necessary stockholder consent to increase the authorized number of shares of Common Stock to make such an adjustment pursuant to this Section 3.

(i) Subdivision or Combination of Stock. In case the Company shall at any time subdivide (whether by way of stock dividend, stock split or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced and the number of Warrant Shares shall be proportionately increased, and conversely, in case the outstanding shares of Common Stock of the Company shall be combined (whether by way of stock combination, reverse stock split or otherwise) into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased and the number of Warrant Shares shall be proportionately decreased. The Exercise Price and the Warrant Shares, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described in this Section 3(a)(i).

(ii) Dividends in Stock, Property, Reclassification. If at any time, or from time to time, all of the holders of Common Stock (or any shares of stock or other securities at the time receivable upon the exercise of this Warrant) shall have received or become entitled to receive, without payment therefore:

(A) any shares of stock or other securities that are at any time directly or indirectly convertible into or exchangeable for Common Stock, or any rights or options to subscribe for, purchase or otherwise acquire any of the foregoing by way of dividend or other distribution, or

(B) additional stock or other securities or property (including cash) by way of spin-off, split-up, reclassification, combination of shares or similar corporate rearrangement (other than shares of Common Stock issued as a stock split or adjustments in respect of which shall be covered by the terms of Section 3(a)(i) above),

then and in each such case, the Exercise Price and the number of Warrant Shares to be obtained upon exercise of this Warrant shall be adjusted proportionately, and the Holder hereof shall, upon the exercise of this Warrant, be entitled to receive, in addition to the number of shares of Common Stock receivable thereupon, and without payment of any additional consideration therefor, the amount of stock and other securities and property (including cash in the cases referred to above) that such Holder would hold on the date of such exercise had such Holder been the holder of record of such Common Stock as of the date on which holders of Common Stock received or became entitled to receive such shares or all other additional stock and other securities and property. The Exercise Price and the Warrant Shares, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described in this Section 3(a)(ii)**.**

(iii) Reorganization, Reclassification, Consolidation, Merger or Sale. If any recapitalization, reclassification or reorganization of the capital stock of the Company, or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets or other transaction shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities, or other assets or property (an "**Organic Change**"), then, as a condition of such Organic Change, lawful and adequate provisions shall be made by the Company whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the shares of the Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented by this Warrant) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of shares of such stock immediately theretofore purchasable and receivable assuming the full exercise of the rights represented by this Warrant. In the event of any Organic Change, appropriate provision shall be made by the Company with respect to the rights and interests of the Holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) shall thereafter be applicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof. The Company will not affect any such consolidation, merger or sale unless, prior to the consummation thereof, the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall assume by written instrument reasonably satisfactory in form and substance to the Holder executed and mailed or delivered to the registered Holder hereof at the last address of such Holder appearing on the books of the Company, the obligation to deliver to such Holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such Holder may be entitled to purchase. If there is an Organic Change, then the Company shall cause to be mailed to the Holder at its last address as it shall appear on the books and records of the Company, at least 10 calendar days before the effective date of the Organic Change, a notice stating the date on which such Organic Change is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares for securities, cash, or other property delivered upon such Organic Change; provided, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to exercise this Warrant during the 10-day period commencing on the date of such notice to the effective date of the event triggering such notice. In any event, the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall be deemed to assume such obligation to deliver to such Holder such shares of stock, securities or assets even in the absence of a written instrument assuming such obligation to the extent such assumption occurs by operation of law.

(b) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment pursuant to this Section 3, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder of this Warrant a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall promptly furnish or cause to be furnished to such Holder a like certificate setting forth: (i) such adjustments and readjustments; and (ii) the number of shares and the amount, if any, of other property which at the time would be received upon the exercise of the Warrant.

(c) Certain Events. If any event occurs as to which the other provisions of this Section 3 are not strictly applicable but the lack of any adjustment would not fairly protect the purchase rights of the Holder under this Warrant in accordance with the basic intent and principles of such provisions, or if strictly applicable would not fairly protect the purchase rights of the Holder under this Warrant in accordance with the basic intent and principles of such provisions, then the Company's Board of Directors will, in good faith, make an appropriate adjustment to protect the rights of the Holder; provided, that no such adjustment pursuant to this Section 3(c) will increase the Exercise Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 3.

4. CHANGE OF CONTROL.

In case of any Change of Control, then as a condition of such transaction, appropriate lawful provisions will be made whereby the Holder will have the right to acquire and receive upon exercise of this Warrant in lieu of the Warrant Shares immediately theretofore subject to acquisition upon the exercise of this Warrant, such shares of stock, securities or assets (including cash) that a holder of Warrant Shares deliverable upon exercise of this Warrant would have been entitled to receive in such transaction as if this Warrant had been exercised immediately prior to such transaction. In any such case, the Company will make appropriate provision to insure that the provisions of this Section 4 hereof will thereafter be applicable as nearly as may be in relation to any shares of stock or securities thereafter deliverable upon the exercise of this Warrant. In the event of a Change of Control in which all of the capital stock of the Company is exchanged exclusively for cash, the Company may elect to cancel this Warrant upon payment to the Holder of a cash payment equal to the excess, if any, between the cash price per share paid in the merger and the Exercise Price. If the cash price per share paid in the transaction is less than the Exercise Price, the Warrant shall automatically be cancelled on the effective date of the Change of Control, without the payment of any consideration to the Holder. In any event, the Company shall provide to the Holder at least twenty (20) days advance written notice of any transaction involving a Change of Control.

5. TRANSFERS AND EXCHANGES OF WARRANT AND WARRANT SHARES

(a) Registration of Transfers and Exchanges. Subject to Section 5(c), upon the Holder's surrender of this Warrant, with a duly executed copy of the Form of Assignment attached as **Exhibit B**, to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder, the Company shall register the transfer of all or any portion of this Warrant. Upon such registration of transfer, the Company shall issue a new Warrant, in substantially the form of this Warrant, evidencing the acquisition rights transferred to the transferee and a new Warrant, in similar form, evidencing the remaining acquisition rights not transferred, to the Holder requesting the transfer.

(b) Warrant Exchangeable for Different Denominations. The Holder may exchange this Warrant for a new Warrant or Warrants, in substantially the form of this Warrant, evidencing in the aggregate the right to purchase the number of Warrant Shares which may then be purchased hereunder, each of such new Warrants to be dated the date of such exchange and to represent the right to purchase such number of Warrant Shares as shall be designated by the Holder. The Holder shall surrender this Warrant with duly executed instructions regarding such re-certification of this Warrant to the Secretary of the Company at its principal offices or at such other office or agency as the Company may specify in writing to the Holder.

(c) Restrictions on Transfers. This Warrant may not be transferred at any time without (i) registration under the Securities Act or (ii) an exemption from such registration and a written opinion of legal counsel addressed to the Company that the proposed transfer of the Warrant may be effected without registration under the Securities Act, which opinion will be in form and from counsel reasonably satisfactory to the Company.

(d) Permitted Transfers and Assignments. Notwithstanding any provision to the contrary in this Section 5, the Holder may transfer, with or without consideration, this Warrant or any of the Warrant Shares (or a portion thereof) to the Holder's Affiliates (as such term is defined under Rule 144 of the Securities Act) without obtaining the opinion from counsel that may be required by Section 5(c)(ii), provided, that the Holder delivers to the Company and its counsel certification, documentation, and other assurances reasonably required by the Company's counsel to enable the Company's counsel to render an opinion to the Company's Transfer Agent that such transfer does not violate applicable securities laws.

6. MUTILATED OR MISSING WARRANT CERTIFICATE

If this Warrant is mutilated, lost, stolen or destroyed, upon request by the Holder, the Company will, at its expense, issue, in exchange for and upon cancellation of the mutilated Warrant, or in substitution for the lost, stolen or destroyed Warrant, a new Warrant, in substantially the form of this Warrant, representing the right to acquire the equivalent number of Warrant Shares; provided, that, as a prerequisite to the issuance of a substitute Warrant, the Company may require satisfactory evidence of loss, theft or destruction as well as an indemnity from the Holder of a lost, stolen or destroyed Warrant.

7. PAYMENT OF TAXES

The Company will pay all transfer and stock issuance taxes attributable to the preparation, issuance and delivery of this Warrant and the Warrant Shares (and replacement Warrants) including, without limitation, all documentary and stamp taxes; provided, however, that the Company shall not be required to pay any tax in respect of the transfer of this Warrant, or the issuance or delivery of certificates for Warrant Shares or other securities in respect of the Warrant Shares to any person or entity other than to the Holder.

8. FRACTIONAL WARRANT SHARES

No fractional Warrant Shares shall be issued upon exercise of this Warrant. The Company, in lieu of issuing any fractional Warrant Share, shall round up the number of Warrant Shares issuable to nearest whole share.

9. NO STOCK RIGHTS AND LEGEND

No holder of this Warrant, as such, shall be entitled to vote or be deemed the holder of any other securities of the Company that may at any time be issuable on the exercise hereof, nor shall anything contained herein be construed to confer upon the holder of this Warrant, as such, the rights of a stockholder of the Company or the right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or give or withhold consent to any corporate action or to receive notice of meetings or other actions affecting stockholders (except as provided herein), or to receive dividends or subscription rights or otherwise (except as provide herein).

Each certificate for Warrant Shares initially issued upon the exercise of this Warrant, and each certificate for Warrant Shares issued to any subsequent transferee of any such certificate, shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND NEITHER SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) AN EXEMPTION FROM SUCH REGISTRATION EXISTS AND THE COMPANY RECEIVES AN OPINION OF COUNSEL TO THE HOLDER OF SUCH SECURITIES, WHICH COUNSEL AND OPINION ARE REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR APPLICABLE STATE SECURITIES LAWS."

10. INTENTIONALLY OMITTED.

11. NOTICES

All notices, consents, waivers, and other communications under this Warrant must be in writing and will be deemed given to a party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment; (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, if to the registered Holder hereof; or (d) seven days after the placement of the notice into the mails (first class postage prepaid), to the Holder at the address, facsimile number, or e-mail address furnished by the registered Holder to the Company, or if to the Company, to it at 8 HaTokhen Street, Caesarea Industrial Park, Israel 3088900, Attn: CEO and CFO (or to such other address, facsimile number, or e-mail address as the Holder or the Company as a party may designate by notice the other party).

12. SEVERABILITY

If a court of competent jurisdiction holds any provision of this Warrant invalid or unenforceable, the other provisions of this Warrant will remain in full force and effect. Any provision of this Warrant held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

13. BINDING EFFECT

This Warrant shall be binding upon and inure to the sole and exclusive benefit of the Company, its successors and assigns, the registered Holder or Holders from time to time of this Warrant and the Warrant Shares.

14. SURVIVAL OF RIGHTS AND DUTIES

This Warrant shall terminate and be of no further force and effect on the earlier of 5:00 P.M., Eastern Time, on the Expiration Date or the date on which this Warrant has been exercised in full.

15. GOVERNING LAW

This Warrant will be governed by and construed under the laws of the State of New York without regard to conflicts of laws principles that would require the application of any other law.

16. DISPUTE RESOLUTION

In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations via facsimile within two Business Days of receipt of the Notice of Exercise giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two Business Days, submit via facsimile (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder or (b) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

17. NOTICES OF RECORD DATE

Upon (a) any establishment by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or right or option to acquire securities of the Company, or any other right, or (b) any capital reorganization, reclassification, recapitalization, merger or consolidation of the Company with or into any other corporation, any transfer of all or substantially all the assets of the Company, or any voluntary or involuntary dissolution, liquidation or winding up of the Company, or the sale, in a single transaction, of a majority of the Company's voting stock (whether newly issued, or from treasury, or previously issued and then outstanding, or any combination thereof), the Company shall mail to the Holder at least ten (10) Business Days, or such longer period as may be required by law, prior to the record date specified therein, a notice specifying (i) the date established as the record date for the purpose of such dividend, distribution, option or right and a description of such dividend, option or right, (ii) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up, or sale is expected to become effective and (iii) the date, if any, fixed as to when the holders of record of Common Stock shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reorganization, reclassification, transfer, consolation, merger, dissolution, liquidation or winding up.

18. RESERVATION OF SHARES

The Company shall reserve and keep available out of its authorized but unissued shares of Common Stock for issuance upon the exercise of this Warrant, free from pre-emptive rights, such number of shares of Common Stock for which this Warrant shall from time to time be exercisable. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation. Without limiting the generality of the foregoing, the Company covenants that it will use commercially reasonable efforts to take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and use commercially reasonable efforts to obtain all such authorizations, exemptions or consents, including but not limited to consents from the Company's stockholders or Board of Directors or any public regulatory body, as may be necessary to enable the Company to perform its obligations under this Warrant.

19. NO THIRD PARTY RIGHTS

This Warrant is not intended, and will not be construed, to create any rights in any parties other than the Company and the Holder, and no person or entity may assert any rights as third-party beneficiary hereunder.

20. AMENDMENTS.

Any term of this Warrant may be amended, supplemented or waived upon the written consent of the Company and the holders of a majority in interest of all outstanding Placement Agent Warrants issued pursuant to the PAA, and such amendment, supplement or waiver shall be binding upon the Company and all holders of such Placement Agent Warrants, including the Holder, whether or not the Holder has consented to such amendment, supplement or waiver; *provided, however*, that any such amendment, supplement or waiver must apply to all outstanding Placement Agent Warrants issued pursuant to the PAA.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed as of the date first set forth above.

DARIOHEALTH CORP.

By: _____
Name: Zvi Ben-David
Title: Chief Financial Officer

EXHIBIT A

NOTICE OF EXERCISE

(To be executed by the Holder of Warrant if such Holder desires to exercise Warrant)

To DarioHealth Corp.:

The undersigned hereby irrevocably elects to exercise this Warrant and to purchase thereunder, _____ full shares of DarioHealth Corp. common stock issuable upon exercise of the Warrant and delivery of:

(1) $_____ (in cash as provided for in the foregoing Warrant) and any applicable taxes payable by the undersigned pursuant to such Warrant; and

(2) _____ shares of Common Stock (pursuant to a Cashless Exercise in accordance with Section 1(b)(ii) of the Warrant) (check here if the undersigned desires to deliver an unspecified number of shares equal the number sufficient to effect a Cashless Exercise [___]).

The undersigned requests that certificates for such shares be issued in the name of:

_____

(Please print name, address and social security or federal employer identification number (if applicable))

_____

_____

The undersigned hereby affirms that the undersigned is an accredited investor as defined under Rule 501 of Regulation D of the Securities Act of 1933. If the Holder cannot make the foregoing affirmation because it is factually incorrect, it shall be a condition to the exercise of the Warrant that the Company receive such other representations as the Company considers necessary, acting reasonably, to assure the Company that the issuance of securities upon exercise of this Warrant shall not violate any United States or other applicable securities laws.

If the shares issuable upon this exercise of the Warrant are not all of the Warrant Shares which the Holder is entitled to acquire upon the exercise of the Warrant, the undersigned requests that a new Warrant evidencing the rights not so exercised be issued in the name of and delivered to:

_____

(Please print name, address and social security or federal employer identification number (if applicable))

_____

_____

Name of Holder (print): _____
(Signature): _____
(By:) _____
(Title:) _____
Dated: _____

EXHIBIT B

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers to each assignee set forth below all of the rights of the undersigned under the Warrant (as defined in and evidenced by the attached Warrant) to acquire the number of Warrant Shares set opposite the name of such assignee below and in and to the foregoing Warrant with respect to said acquisition rights and the shares issuable upon exercise of the Warrant:

Name of Assignee	Address	Number of Shares

If the total of the Warrant Shares are not all of the Warrant Shares evidenced by the foregoing Warrant, the undersigned requests that a new Warrant evidencing the right to acquire the Warrant Shares not so assigned be issued in the name of and delivered to the undersigned.

Name of Holder (print): _____
(Signature): _____
(By:) _____
(Title:) _____
Dated: _____

Exhibit 10.10

SUBSCRIPTION AGREEMENT

DarioHealth Corp.
8 HaTokhen Street
Caesarea Industrial Park
Israel 3088900

Ladies and Gentlemen:

1. **Subscription.** The undersigned (the "Purchaser"), intending to be legally bound, hereby irrevocably agrees to purchase from DarioHealth Corp., a Delaware corporation (the "Company"), the number of shares of Series A Preferred Stock, par value $0.0001 ("Series A Preferred"), or such number of shares of Series A-1 Preferred Stock, par value $0.0001 (the "Series A-1 Preferred" and collectively with the Series A Preferred, the "Shares") set forth on the signature page hereof at a purchase price of $1,000 per Share ("Share Price"), with a minimum investment amount of $100,000 which minimum investment may be waived at the discretion of the Company and the Placement Agent which minimum investment may be waived at the discretion of the Company and the Placement Agent. The Shares are being sold in the Offering (as defined below), as more fully described in the Memorandum (as defined below). This Subscription Agreement (this "Subscription Agreement") is one in a series of similar subscription agreements (collectively, the "Subscription Agreements") entered into pursuant to the Offering.

2. **The Offering**. This subscription is submitted to you in accordance with and subject to the terms and conditions described in this Subscription Agreement and the Confidential Private Placement Memorandum of the Company dated October __, 2019, as amended or supplemented from time to time, including all attachments, schedules and exhibits thereto (the "Memorandum"), relating to the offering (the "Offering") by the Company of a minimum of 8,000 Shares ($8,000,000) (the "Minimum Offering Amount"), and up to a maximum of 15,000 Shares ($15,000,000) (the "Maximum Offering Amount"), with an over-allotment amount of up to 5,000 Shares ($5,000,000) (the "Over-Allotment Amount"). SternAegis Ventures, through Aegis Capital Corp., ("SternAegis"), has been engaged as exclusive placement agent in connection with the Offering (sometimes referred to as the "Placement Agent"). The terms of the Offering are more completely described in the Memorandum and such terms are incorporated herein in their entirety.

3. **Deliveries and Payment; Escrow of Funds**. Simultaneously with the execution hereof, the Purchaser shall: (a) deliver to SternAegis in accordance with the Subscription Instructions attached hereto, (i) one (1) completed and executed Omnibus Signature Page to this Subscription Agreement and the Registration Rights Agreement (page 14), (ii) a completed Accredited Investor Certification (pages 15-16), (iii) a completed Investor Profile (page 17) and (iv) one (1) completed and executed Tax Certification for U.S. Persons or Non-U.S. Persons, as applicable (beginning on page 19); and (b) make a wire transfer payment to, "Signature Bank, Escrow Agent for DarioHealth Corp." in an amount equal to the product of (i) the number of Shares being subscribed for by the Purchaser in the Offering as set forth on the signature page hereof, multiplied by (ii) the Share Price. Wire transfer instructions are set forth on page 12 hereof under the heading "To subscribe for Shares in the private offering of DarioHealth Corp." Such funds will be held for the Purchaser's benefit in a non-interest-bearing escrow account (the "Escrow Account") until the earliest to occur of (a) a closing of the sale of the Minimum Offering Amount or more (the "First Closing"), (b) the rejection of such subscription, or (c) the termination of the Offering by the Company or the Placement Agent. The Company and the Placement Agent may continue to offer and sell the Shares and conduct additional closings for the sale of additional Shares after the First Closing and until the termination of the Offering.

4. **Acceptance of Subscription.** The Purchaser understands and agrees that the Company, in its sole discretion, reserves the right to accept or reject this or any other subscription for Shares, in whole or in part, notwithstanding prior receipt by the Purchaser of notice of acceptance of this subscription. In furtherance of the foregoing, the Company shall have the right to require potential subscribers to supply additional information and execute additional documents in a satisfactory manner, which determination shall be at the sole discretion of the Company, prior to the acceptance of this Subscription Agreement. The Company shall have no obligation hereunder until the Company shall execute and deliver to the Purchaser an executed copy of this Subscription Agreement. If this subscription is rejected in whole, the Offering of Shares is terminated or the Minimum Offering Amount is not raised, all funds received from the Purchaser will be returned without interest or offset, and this Subscription Agreement shall thereafter be of no further force or effect. If this subscription is rejected in part, the funds for the rejected portion of this subscription will be returned without interest or offset, and this Subscription Agreement will continue in full force and effect to the extent this subscription was accepted.

5. **Representations and Warranties**.

The Purchaser hereby acknowledges, represents, warrants, and agrees as follows:

(a) None of the Shares or the shares of common stock of the Company issuable upon conversion of the Shares (the "Conversion Securities") offered pursuant to the Memorandum are registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. The Purchaser understands that the offering and sale of the Shares is intended to be exempt from registration under the Securities Act, by virtue of Section 4(a)(2) thereof and the provisions of Regulation D ("Regulation D") as promulgated by the United States Securities and Exchange Commission (the "SEC") thereunder, based, in part, upon the representations, warranties and agreements of the Purchaser contained in this Subscription Agreement.

(b) Prior to the execution of this Subscription Agreement, the Purchaser and the Purchaser's attorney, accountant, purchaser representative and/or tax adviser, if any (collectively, the "Advisers"), have received the Memorandum and all other documents requested by the Purchaser, have carefully reviewed them and understand the information contained therein.

(c) Neither the SEC nor any state securities commission or other regulatory authority has approved the Shares or the Conversion Securities or passed upon or endorsed the merits of the Offering or confirmed the accuracy or determined the adequacy of the Memorandum. The Memorandum has not been reviewed by any federal, state or other regulatory authority.

(d) All documents, records, and books pertaining to the investment in the Shares (including, without limitation, the Memorandum) have been made available for inspection by such Purchaser and its Advisers, if any.

(e) The Purchaser and its Advisers, if any, have had a reasonable opportunity to ask questions of and receive answers from a person or persons acting on behalf of the Company concerning the offering of the Shares and the business, financial condition and results of operations of the Company and LabStyle Innovation Ltd. (the "Subsidiary") and all such questions have been answered to the full satisfaction of the Purchaser and its Advisers, if any.

(f) In evaluating the suitability of an investment in the Company and the Shares, the Purchaser has not relied upon any representation or information (oral or written) other than as stated in the Memorandum and the Purchaser and its Advisors have had access, through the Memorandum and/or the EDGAR system, to true and complete copies of the Company's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (the "10-K") and all other reports filed by the Company pursuant to the Securities Exchange Act of 1934, as amended, since the filing of the 10-K and prior to the date hereof and have reviewed such filings (the "SEC Reports").

(g) The Purchaser is unaware of, is in no way relying on, and did not become aware of the Offering through or as a result of, any form of general solicitation or general advertising including, without limitation, any article, notice, advertisement or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the Internet (including, without limitation, internet "blogs," bulletin boards, discussion groups and social networking sites) in connection with the Offering and is not subscribing for the Shares and did not become aware of the Offering through or as a result of any seminar or meeting to which the Purchaser was invited by, or any solicitation of a subscription by, a person not previously known to the Purchaser in connection with investments in securities generally.

(h) The Purchaser has taken no action that would give rise to any claim by any person for brokerage commissions, finders' fees or the like relating to this Subscription Agreement or the transactions contemplated hereby (other than commissions to be paid by the Company to the Placement Agent or as otherwise described in the Memorandum).

(i) The Purchaser, together with its Advisers, if any, has such knowledge and experience in financial, tax, and business matters, and, in particular, investments in securities, so as to enable it to utilize the information made available to it in connection with the Offering to evaluate the merits and risks of an investment in the Shares and the Company and to make an informed investment decision with respect thereto.

(j) The Purchaser is not relying on the Company, the Placement Agent or any of their respective employees or agents with respect to the legal, tax, economic and related considerations of an investment in the Company and the Shares, and the Purchaser has relied on the advice of, or has consulted with, only its own Advisers.

(k) The Purchaser is acquiring the Shares solely for such Purchaser's own account for investment purposes only and not with a view to or intent of resale or distribution thereof, in whole or in part. The Purchaser has no agreement or arrangement, formal or informal, with any person to sell or transfer all or any part of the Shares constituting the Shares or the Conversion Securities, and the Purchaser has no plans to enter into any such agreement or arrangement.

(l) The Purchaser must bear the substantial economic risks of the investment in the Shares indefinitely because none of the Shares or Conversion Securities may be sold, hypothecated or otherwise disposed of unless subsequently registered under the Securities Act and applicable state securities laws or an exemption from such registration is available. Legends shall be placed on the securities included in the Shares to the effect that they have not been registered under the Securities Act or applicable state securities laws and appropriate notations thereof will be made in the Company's stock books. Stop transfer instructions will be placed with the transfer agent of the Shares, if any. The Company has agreed that purchasers of the Shares will have, with respect to the Conversion Securities, the registration rights described in the Memorandum. Notwithstanding such registration rights, there can be no assurance that there will be any market for resale of the Shares or the Conversion Securities, nor can there be any assurance that such securities will be freely transferable at any time in the foreseeable future.

(m) The Purchaser has adequate means of providing for such Purchaser's current financial needs and foreseeable contingencies and has no need for liquidity from its investment in the Shares for an indefinite period of time.

(n) The Purchaser is aware that an investment in the Shares is high risk, involving a number of very significant risks and has carefully read and considered the matters set forth under the caption "Risk Factors" in the Memorandum and in the SEC Reports, and, in particular, acknowledges that the Company with its Subsidiary is a development stage company which has only recently entered the commercialization stage of its technology, has had significant operating losses since inception, limited revenues from operations to date, and are engaged in highly competitive businesses.

(o) The Purchaser meets the requirements of at least one of the suitability standards for an "accredited investor" as that term is defined in Regulation D and as set forth on the Accredited Investor Certification contained herein.

(p) The Purchaser (i) if a natural person, represents that the Purchaser has reached the age of 21 and has full power and authority to execute and deliver this Subscription Agreement and all other related agreements or certificates and to carry out the provisions hereof and thereof; (ii) if a corporation, partnership, or limited liability company or partnership, or association, joint stock company, trust, unincorporated organization or other entity, represents that such entity was not formed for the specific purpose of acquiring the Shares, such entity is duly organized, validly existing and in good standing under the laws of the state of its organization, the consummation of the transactions contemplated hereby is authorized by, and will not result in a violation of state law or its charter or other organizational documents, such entity has full power and authority to execute and deliver this Subscription Agreement and all other related agreements or certificates and to carry out the provisions hereof and thereof and to purchase and hold the securities constituting the Shares, the execution and delivery of this Subscription Agreement has been duly authorized by all necessary action, this Subscription Agreement has been duly executed and delivered on behalf of such entity and is a legal, valid and binding obligation of such entity; or (iii) if executing this Subscription Agreement in a representative or fiduciary capacity, represents that it has full power and authority to execute and deliver this Subscription Agreement in such capacity and on behalf of the subscribing individual, ward, partnership, trust, estate, corporation, or limited liability company or partnership, or other entity for whom the Purchaser is executing this Subscription Agreement, and such individual, partnership, ward, trust, estate, corporation, or limited liability company or partnership, or other entity has full right and power to perform pursuant to this Subscription Agreement and make an investment in the Company, and represents that this Subscription Agreement constitutes a legal, valid and binding obligation of such entity. The execution and delivery of this Subscription Agreement will not violate or be in conflict with any order, judgment, injunction, agreement or controlling document to which the Purchaser is a party or by which it is bound.

(q) The Purchaser and the Advisers, if any, have had the opportunity to obtain any additional information, to the extent the Company has such information in their possession or could acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information contained in the Memorandum and all documents received or reviewed in connection with the purchase of the Shares and have had the opportunity to have representatives of the Company provide them with such additional information regarding the terms and conditions of this particular investment and the financial condition, results of operations, and business of the Company and the Subsidiary deemed relevant by the Purchaser or the Advisers, if any, and all such requested information, to the extent the Company has such information in their possession or could acquire it without unreasonable effort or expense, has been provided to the full satisfaction of the Purchaser and the Advisers, if any.

(r) Any information which the Purchaser has heretofore furnished or is furnishing herewith to the Company or the Placement Agent is complete and accurate and may be relied upon by the Company and the Placement Agent in determining the availability of an exemption from registration under federal and state securities laws in connection with the offering of securities as described in the Memorandum. The Purchaser further represents and warrants that it will notify and supply corrective information to the Company and the Placement Agent immediately upon the occurrence of any change therein occurring prior to the Company's issuance of the securities contained in the Shares.

(s) The Purchaser has significant prior investment experience, including investment in non-listed and non-registered securities. The Purchaser is knowledgeable about investment considerations in development-stage companies with limited operating histories. The Purchaser has a sufficient net worth to sustain a loss of its entire investment in the Company and the Shares in the event such a loss should occur. The Purchaser's overall commitment to investments which are not readily marketable is not excessive in view of the Purchaser’s net worth and financial circumstances and the purchase of the Shares will not cause such commitment to become excessive. Investment in the Company and the Shares as contemplated by this Subscription Agreement is suitable for the Purchaser.

(t) The Purchaser is satisfied that the Purchaser has received adequate information with respect to all matters which it or the Advisers, if any, consider material to its decision to make an investment in the Company and the Shares as contemplated by this Subscription Agreement.

(u) The Purchaser acknowledges that any estimates or forward-looking statements or projections included in the Memorandum were prepared by the Company in good faith but that the attainment of any such projections, estimates or forward-looking statements cannot be guaranteed by the Company or the Subsidiary and should not be relied upon.

(v) No oral or written representations have been made, or oral or written information furnished, to the Purchaser or the Advisers, if any, in connection with the Offering which are in any way inconsistent with the information contained in the Memorandum.

(w) Within five (5) days after receipt of a request from the Company or the Placement Agent, the Purchaser will provide such information and deliver such documents as may reasonably be necessary to comply with any and all laws and ordinances to which the Company or the Placement Agent is subject.

(x) The Purchaser's substantive relationship with either the Company, the Placement Agent or subagent through which the Purchaser is subscribing for Shares predates such Placement Agent's or such subagent's contact with the Purchaser regarding an investment in the Shares.

(y) THE SHARES OFFERED HEREBY (INCLUDING THE SHARES COMPRISING THE CONVERSION SECURITIES UNDERLYING SUCH SHARES) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. SUCH SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. SUCH SECURITIES HAVE NOT BEEN RECOMMENDED, APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE MEMORANDUM OR THIS SUBSCRIPTION AGREEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

(z) In making an investment decision, investors must rely on their own examination of the Company, the Subsidiary and the terms of the Offering, including the merits and risks involved. The Purchaser should be aware that it will be required to bear the financial risks of investment in the Company and the Shares for an indefinite period of time.

(aa) **(For ERISA plans only)** The fiduciary of the ERISA plan (the “Plan”) represents that such fiduciary has been informed of and understands the Company’s investment objectives, policies and strategies, and that the decision to invest “plan assets” (as such term is defined in ERISA) in the Company is consistent with the provisions of ERISA that require diversification of plan assets and impose other fiduciary responsibilities. The Purchaser fiduciary or Plan (a) is responsible for the decision to invest in the Company; (b) is independent of the Company or any of its affiliates; (c) is qualified to make such investment decision; and (d) in making such decision, the Purchaser fiduciary or Plan has not relied primarily on any advice or recommendation of the Company or any of its affiliates.

(bb) **The Purchaser should check the Office of Foreign Assets Control ("OFAC") website at <http://www.treas.gov/ofac> before making the following representations**. The Purchaser represents that the amounts invested by it in the Company in the Offering were not and are not directly or indirectly derived from activities that contravene federal, state or international laws and regulations, including anti-money laundering laws and regulations. Federal regulations and Executive Orders administered by OFAC prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. The lists of OFAC prohibited countries, territories, persons and entities can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, the programs administered by OFAC (the "OFAC Programs") prohibit dealing with individuals[1] or entities in certain countries regardless of whether such individuals or entities appear on the OFAC lists.

(cc) To the best of the Purchaser's knowledge, none of: (1) the Purchaser; (2) any person controlling or controlled by the Purchaser; (3) if the Purchaser is a privately-held entity, any person having a beneficial interest in the Purchaser; or (4) any person for whom the Purchaser is acting as agent or nominee in connection with this investment is a country, territory, individual or entity named on an OFAC list, or a person or entity prohibited under the OFAC Programs. Please be advised that the Company may not accept any amounts from a prospective investor if such prospective investor cannot make the representation set forth in the preceding paragraph. The Purchaser agrees to promptly notify the Company and the Placement Agent should the Purchaser become aware of any change in the information set forth in these representations. The Purchaser understands and acknowledges that, by law, the Company may be obligated to "freeze the account" of the Purchaser, either by prohibiting additional subscriptions from the Purchaser, declining any redemption requests and/or segregating the assets in the account in compliance with governmental regulations, and the Placement Agent may also be required to report such action and to disclose the Purchaser's identity to OFAC. The Purchaser further acknowledges that the Company may, by written notice to the Purchaser, suspend the redemption rights, if any, of the Purchaser if the Company reasonably deems it necessary to do so to comply with anti-money laundering regulations applicable to the Company and the Placement Agent or any of the Company's other service providers. These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

(dd) To the best of the Purchaser's knowledge, none of: (1) the Purchaser; (2) any person controlling or controlled by the Purchaser; (3) if the Purchaser is a privately-held entity, any person having a beneficial interest in the Purchaser; or (4) any person for whom the Purchaser is acting as agent or nominee in connection with this investment is a senior foreign political figure,[2] or any immediate family[3] member or close associate[4] of a senior foreign political figure, as such terms are defined in the footnotes below.

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[1] These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

[2] A "senior foreign political figure" is defined as a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

[3] "Immediate family" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and in-laws.

[4] A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.

(ee) If the Purchaser is affiliated with a non-U.S. banking institution (a "Foreign Bank"), or if the Purchaser receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Foreign Bank, the Purchaser represents and warrants to the Company that: (1) the Foreign Bank has a fixed address, other than solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities; (2) the Foreign Bank maintains operating records related to its banking activities; (3) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities; and (4) the Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate.

6. **Indemnification.** The Purchaser agrees to indemnify and hold harmless the Company the Subsidiary, the Placement Agent (including its selected dealers, if any), and their respective officers, directors, employees, agents, control persons and affiliates from and against all losses, liabilities, claims, damages, costs, fees and expenses whatsoever (including, but not limited to, any and all expenses incurred in investigating, preparing or defending against any litigation commenced or threatened) based upon or arising out of any actual or alleged false acknowledgment, representation or warranty, or misrepresentation or omission to state a material fact, or breach by the Purchaser of any covenant or agreement made by the Purchaser herein or in any other document delivered in connection with this Subscription Agreement.

7. **Irrevocability; Binding Effect.** The Purchaser hereby acknowledges and agrees that the subscription hereunder is irrevocable by the Purchaser, except as required by applicable law, and that this Subscription Agreement shall survive the death or disability of the Purchaser and shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives, and permitted assigns. If the Purchaser is more than one person, the obligations of the Purchaser hereunder shall be joint and several and the agreements, representations, warranties, and acknowledgments herein shall be deemed to be made by and be binding upon each such person and such person's heirs, executors, administrators, successors, legal representatives, and permitted assigns.

8. **Modification.** This Subscription Agreement shall not be modified or waived except by an instrument in writing signed by the party against whom any such modification or waiver is sought.

9. **Immaterial Modifications to the Registration Rights Agreement.** The Company may, at any time prior to the First Closing, modify the Registration Rights Agreement if necessary to clarify any provision therein, without first providing notice or obtaining prior consent of the Purchaser, if, and only if, such modification is not material in any respect.

10. **Notices.** Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party notified, (b) when sent by confirmed email or facsimile if sent during normal business hours of the recipient, if not confirmed, then on the next business day, (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. The Company and the Purchaser hereby consent to the delivery of communications and notices to such parties at their respective address, email or facsimile number set forth on the signature page hereto, or to such other address as such party shall have furnished in writing in accordance with the provisions of this Section 10.

11. **Assignability.** This Subscription Agreement and the rights, interests and obligations hereunder are not transferable or assignable by the Purchaser and the transfer or assignment of the Shares or the Conversion Securities shall be made only in accordance with all applicable laws.

12. **Applicable Law.** This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts to be wholly-performed within said State.

13. **Arbitration.** The parties agree to submit all controversies to arbitration in accordance with the provisions set forth below and understand that:

(a) Arbitration is final and binding on the parties.

(b) The parties are waiving their right to seek remedies in court, including the right to a jury trial.

(c) Pre-arbitration discovery is generally more limited and different from court proceedings.

(d) The arbitrator's award is not required to include factual findings or legal reasoning and any party's right to appeal or to seek modification of rulings by arbitrators is strictly limited.

(e) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.

(f) All controversies which may arise between the parties concerning this Subscription Agreement shall be determined by arbitration pursuant to the rules then pertaining to the Financial Industry Regulatory Authority, Inc. ("FINRA") in New York City, New York. Judgment on any award of any such arbitration may be entered in the Supreme Court of the State of New York or in any other court having jurisdiction of the person or persons against whom such award is rendered. Any notice of such arbitration or for the confirmation of any award in any arbitration shall be sufficient if given in accordance with the provisions of this Agreement. The parties agree that the determination of the arbitrators shall be binding and conclusive upon them.

14. **Blue Sky Qualification.** The purchase of Shares under this Subscription Agreement is expressly conditioned upon the exemption from qualification of the offer and sale of the Shares from applicable federal and state securities laws. The Company shall not be required to qualify this transaction under the securities laws of any jurisdiction and, should qualification be necessary, the Company shall be released from any and all obligations to maintain its offer, and may rescind any sale contracted, in the jurisdiction.

15. **Use of Pronouns.** All pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons referred to may require.

16. **Confidentiality.** The Purchaser acknowledges and agrees that any information or data the Purchaser has acquired from or about the Company or the Subsidiary, not otherwise properly in the public domain, was received in confidence. The Purchaser agrees not to divulge, communicate or disclose, except as may be required by law or for the performance of this Agreement, or use to the detriment of the Company or the Subsidiary or for the benefit of any other person or persons, or misuse in any way, any confidential information of the Company or the Subsidiary, including any scientific, technical, trade or business secrets of the Company or the Subsidiary and any scientific, technical, trade or business materials that are treated by the Company or the Subsidiary as confidential or proprietary, including, but not limited to, ideas, discoveries, inventions, developments and improvements belonging to the Company or the Subsidiary and confidential information obtained by or given to the Company or the Subsidiary about or belonging to third parties.

17. **Miscellaneous**.

(a) This Subscription Agreement, together with the Registration Rights Agreement, constitute the entire agreement between the Purchaser and the Company with respect to the subject matter hereof and supersede all prior oral or written agreements and understandings, if any, relating to the subject matter hereof. The terms and provisions of this Subscription Agreement may be waived, or consent for the departure therefrom granted, only by a written document executed by the party entitled to the benefits of such terms or provisions.

(b) The representations and warranties of the Purchaser made in this Subscription Agreement shall survive the execution and delivery hereof and delivery of the Shares constituting the Shares.

(c) Each of the parties hereto shall pay its own fees and expenses (including the fees of any attorneys, accountants, appraisers or others engaged by such party) in connection with this Subscription Agreement and the transactions contemplated hereby whether or not the transactions contemplated hereby are consummated.

(d) This Subscription Agreement may be executed in one or more counterparts each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

(e) Each provision of this Subscription Agreement shall be considered separable and, if for any reason any provision or provisions hereof are determined to be invalid or contrary to applicable law, such invalidity or illegality shall not impair the operation of or affect the remaining portions of this Subscription Agreement.

(f) Paragraph titles are for descriptive purposes only and shall not control or alter the meaning of this Subscription Agreement as set forth in the text.

(g) The Purchaser understands and acknowledges that there may be multiple closings for this Offering.

18. **Omnibus Signature Page.** This Subscription Agreement is intended to be read and construed in conjunction with the Registration Rights Agreement pertaining to the issuance by the Company of the Shares to subscribers pursuant to the Memorandum. Accordingly, pursuant to the terms and conditions of this Subscription Agreement and such related agreements it is hereby agreed that the execution by the Purchaser of this Subscription Agreement, in the place set forth herein, shall constitute agreement to be bound by the terms and conditions hereof and the terms and conditions of the Registration Rights Agreement, with the same effect as if each of such separate but related agreement were separately signed.

19. **Book Entry Registration of the Shares.** The Company will issue the Shares and the shares of Common Stock underlying the Series A Preferred and/or the Series A-1 Preferred by registering them in book entry form with the Company's transfer agent in Investor's name and the applicable restrictions will be noted in the records of the Company's transfer agent and in the book entry system, except for investments made via custodian accounts such as Pensions and IRA's in which case physical certificates evidencing the shares and warrants will be issued if so requested.

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PRIVATE PLACEMENT OFFERING OF
DARIOHEALTH CORP.

SUBSCRIPTION INSTRUCTIONS

To subscribe for Shares in the private offering of DarioHealth Corp.:

1. **Date and Fill in** the number of Shares being purchased and **Complete and Sign** the Omnibus Signature Page to the Subscription Agreement (page 14).

2. **Initial** the Accredited Investor Certification page attached to the Subscription Agreement (pages 15-16).

3. **Complete** and return the Investor Profile (page 17).

4. **Complete and Sign** the Tax Certification for U.S. Persons or Non-U.S. Persons, as applicable (beginning on page 19).

5. **Fax or e-mail** all forms to Tierney S. Picardal at **347-772-3121/ inbox@sternaegis.com**.

6. **Please wire funds directly to the escrow account pursuant to the following instructions (unless other arrangements have been made); checks cannot be accepted:**

Bank Name: Signature Bank

Bank Address: 950 Third Avenue, NY, NY 10022 (IF wiring banker requests this info)

ABA Number: 026013576

SWIFT CODE: SIGNUS33

A/C Name: Signature Bank, as Agent for DarioHealth Corp.

DarioHealth Corp. Address (if requested): 8 HaTokhen Street, Caesarea Industrial Park

Israel 3088900

A/C Number: 1503781596

REF. outgoing wire with the following information

FBO: Investor Name _____

SSN/TIN _____

Address _____

ANTI MONEY LAUNDERING REQUIREMENTS

The USA PATRIOT Act	**What is money laundering?**	**How big is the problem and why is it important?**
The USA PATRIOT Act is designed to detect, deter, and punish terrorists in the United States and abroad. The Act imposes new anti-money laundering requirements on brokerage firms and financial institutions. Since April 24, 2002 all brokerage firms have been required to have new, comprehensive anti-money laundering programs. To help you understand these efforts, we want to provide you with some information about money laundering and the Placement Agent's efforts to implement the USA PATRIOT Act.	Money laundering is the process of disguising illegally obtained money so that the funds appear to come from legitimate sources or activities. Money laundering occurs in connection with a wide variety of crimes, including illegal arms sales, drug trafficking, robbery, fraud, racketeering, and terrorism.	The use of the U.S. financial system by criminals to facilitate terrorism or other crimes could well taint our financial markets. According to the U.S. State Department, one recent estimate puts the amount of worldwide money laundering activity at $1 trillion a year.

What the Placement Agent is required to do to help eliminate money laundering?	
Under new rules required by the USA PATRIOT Act, the Placement Agent's anti-money laundering program must designate a special compliance officer, set up employee training, conduct independent audits, and establish policies and procedures to detect and report suspicious transaction and ensure compliance with the new laws.	As part of the Placement Agent's required program, it may ask you to provide various identification documents or other information. Until you provide the information or documents that the Placement Agent needs, it may not be able to effect any transactions for you.

DARIOHEALTH CORP.
OMNIBUS SIGNATURE PAGE TO THE
SUBSCRIPTION AGREEMENT AND REGISTRATION RIGHTS AGREEMENT

Subscriber hereby elects to subscribe under the Subscription Agreement for a total of $_____ of Series A Preferred / Series A-1 Preferred (circle one) Shares at a price of $1,000.00 per Share (NOTE: to be completed by subscriber) and, by execution and delivery hereof, Subscriber hereby executes the Subscription Agreement and agrees to be bound by the terms and conditions of the Subscription Agreement and the Registration Rights Agreement.

If the Purchaser is an INDIVIDUAL, and if purchased as JOINT TENANTS, as TENANTS IN COMMON, or as COMMUNITY PROPERTY:

Print Name(s)	**Social Security Number(s)**
Signature(s) of Subscriber(s)	**Signature**
Date	**Address**

If the Purchaser is a PARTNERSHIP, CORPORATION, LIMITED LIABILITY COMPANY or TRUST:

Name of Entity	**Federal Taxpayer Identification Number**
By: _____ **Name:** **Title:**	**State of Organization**
Date	**Address**
Fax Number	**Email Address**
DARIOHEALTH CORP.	**AEGIS CAPTIAL CORP.**
By: _____ Authorized Officer	By: _____ Authorized Officer

DARIOHEALTH CORP.
ACCREDITED INVESTOR CERTIFICATION

For Individual Investors Only
(all Individual Investors must *INITIAL* where appropriate):

Initial _____ I have an individual net worth, or joint net worth with my spouse, as of the date hereof in excess of $1 million. For purposes of calculating net worth under this category, (i) the undersigned's primary residence shall not be included as an asset, (ii) indebtedness that is secured by the undersigned's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability, (iii) to the extent that the indebtedness that is secured by the primary residence is in excess of the fair market value of the primary residence, the excess amount shall be included as a liability, and (iv) if the amount of outstanding indebtedness that is secured by the primary residence exceeds the amount outstanding 60 days prior to the execution of this Subscription Agreement, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability.

Initial _____ I have had an annual gross income for the past two years of at least $200,000 (or $300,000 jointly with my spouse) and expect my income (or joint income, as appropriate) to reach the same level in the current year.

Initial _____ I am a director or executive officer of DarioHealth Corp.

For Non-Individual Investors
(all Non-Individual Investors must *INITIAL* where appropriate):

Initial _____ The investor certifies that it is a partnership, corporation, limited liability company or business trust that is 100% owned by persons who meet at least one of the criteria for Individual Investors set forth above.

Initial _____ The investor certifies that it is a partnership, corporation, limited liability company or any organization described in Section 501(c)(3) of the Internal Revenue Code, Massachusetts or similar business trust that has total assets of at least $5,000,000f and was not formed for the purpose of investing the Company.

Initial _____ The investor certifies that it is an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, whose investment decision is made by a plan fiduciary (as defined in ERISA §3(21)) that is a bank, savings and loan association, insurance company or registered investment adviser.

Initial _____ The investor certifies that it is an employee benefit plan whose total assets exceed $5,000,000 as of the date of this Agreement.

Initial _____ The undersigned certifies that it is a self-directed employee benefit plan whose investment decisions are made solely by persons who meet either of the criteria for Individual Investors.

Initial _____ The investor certifies that it is a U.S. bank, U.S. savings and loan association or other similar U.S. institution acting in its individual or fiduciary capacity.

Initial _____ The undersigned certifies that it is a broker-dealer registered pursuant to §15 of the Securities Exchange Act of 1934.

Initial _____ The investor certifies that it is an organization described in §501(c)(3) of the Internal Revenue Code with total assets exceeding $5,000,000 and not formed for the specific purpose of investing in the Company.

Initial _____ The investor certifies that it is a trust with total assets of at least $5,000,000, not formed for the specific purpose of investing in the Company, and whose purchase is directed by a person with such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment.

Initial _____ The investor certifies that it is a plan established and maintained by a state or its political subdivisions, or any agency or instrumentality thereof, for the benefit of its employees, and which has total assets in excess of $5,000,000.

Initial _____ The investor certifies that it is an insurance company as defined in §2(13) of the Securities Act, or a registered investment company.

Initial _____ An investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act.

Initial _____ A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

Initial _____ A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

DARIOHEALTH CORP.

Investor Profile ***(Must be completed by Investor)***

Section A - Personal Investor Information

For All Purchasers

Certificate Title: _____

Individual(s) executing this subscription: _____

Social Security Number(s) for **all** signatories: _____

Entity Federal I.D. Number: _____

Date(s) of Birth: _____

Marital Status: _____

Years Investment Experience: _____

Aegis Capital Acct Executive or Outside Broker/Dealer: _____ /Aegis Rep 3-Digit I.D._____/Aegis Acct #_____

Check if you are a FINRA member or affiliate of a FINRA member firm: ____

Check Investment Objective(s) (See definitions on following page): ____Preservation of Capital ____Income
____Capital Appreciation ____Trading Profits ____Speculation
____Other (please specify)

The source of funds for this investment is my personal or my entity's assets _____Yes _____No

For Purchasers as Individual or as Joint Tenants, Tenants in Common, and Community Property

Annual Income(s): _____

Liquid Net Worth(s):_____

Net Worth(s) (excluding value of primary residence): _____

Select Tax Bracket(s): ____ 15% or below ____ 25% - 27.5% ____ Over 27.5%

For All Purchasers, by the Primary Contact

Home Street Address: _____

Home City, State & Zip Code: _____

Home Phone: _____ Home Fax: _____Home Email: _____

Employer: _____

Type of Business: _____

Employer Street Address: _____

Employer City, State & Zip Code: _____

Bus. Phone: _____Bus. Fax: _____Bus. Email: _____

For All Purchasers

If you are a ***United States citizen***, please list the number and jurisdiction of issuance of any other government-issued document evidencing residence and bearing a photograph or similar safeguard (such as a driver's license or passport), and provide a photocopy of each of the documents you have listed.

If you are ***NOT*** a ***United States citizen***, for each jurisdiction of which you are a citizen or in which you work or reside, please list (i) your passport number and country of issuance or (ii) alien identification card number AND (iii) number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard, and provide a photocopy of each of these documents you have listed. These photocopies must be certified by a lawyer as to authenticity.

Government-Issued Identification Document Number(s) and Jurisdiction(s):_____

In addition, please provide a legible photocopy of your Identification Document(s) with your subscription

Section B – Securities Delivery Instructions

____ Please deliver securities to the Employer Address listed in Section A.

____ Please deliver securities to the Home Address listed in Section A.

____ Please deliver securities to the following address: _____

Section C –Wire Transfer Instructions

____ I will wire funds from my outside account according to the "Subscription Instructions" Page.

____ I will wire funds from my Aegis Capital Account.

____The funds for this investment are rolled over, tax deferred from _____ within the allowed 60 day window.

_____ _____

Investor Signature **Date**

_____ _____

Investor Signature **Date**

Investment Objectives: The typical investment listed with each objective are only some examples of the kinds of investments that have historically been consistent with the listed objectives. However, neither the Company nor the Placement Agent can assure that any investment will achieve your intended objective. You must make your own investment decisions and determine for yourself if the investments you select are appropriate and consistent with your investment objectives.

Neither the Company nor the Placement Agent assumes responsibility to you for determining if the investments you selected are suitable for you.

Preservation of Capital: An investment objective of *Preservation of Capital* indicates you seek to maintain the principal value of your investments and are interested in investments that have historically demonstrated a very low degree of risk of loss of principal value. Some examples of typical investments might include money market funds and high quality, short-term fixed income products.

Income: An investment objective of *Income* indicates you seek to generate income from investments and are interested in investments that have historically demonstrated a low degree of risk of loss of principal value. Some examples of typical investments might include high quality, short and medium-term fixed income products, short-term bond funds and covered call options.

Capital Appreciation: An investment objective of *Capital Appreciation* indicates you seek to grow the principal value of your investments over time and are willing to invest in securities that have historically demonstrated a moderate to above average degree of risk of loss of principal value to pursue this objective. Some examples of typical investments might include common stocks, lower quality, medium-term fixed income products, equity mutual funds and index funds.

Trading Profits: An investment objective of *Trading Profits* indicates you seek to take advantage of short-term trading opportunities, which may involve establishing and liquidating positions quickly. Some examples of typical investments might include short-term purchases and sales of volatile or low priced common stocks, put or call options, spreads, straddles and/or combinations on equities or indexes. This is a high-risk strategy.

Speculation: An investment objective of *Speculation* indicates you seek a significant increase in the principal value of your investments and are willing to accept a corresponding greater degree of risk by investing in securities that have historically demonstrated a high degree of risk of loss of principal value to pursue this objective. Some examples of typical investments might include lower quality, long-term fixed income products, initial public offerings, volatile or low priced common stocks, the purchase or sale of put or call options, spreads, straddles and/or combinations on equities or indexes, and the use of short-term or day trading strategies.

Other: Please specify.

Exhibit 10.11

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "**Agreement**") is made and entered into effective as of _____, 2019 (the "**Effective Date**") between DarioHealth Corp., a Delaware corporation (the "**Company**"), and the persons who have executed the signature page(s) hereto (each, a "**Purchaser**" and collectively, the "**Purchasers**").

RECITALS:

WHEREAS, the Company is conducting a private placement offering (the "**Offering**") of a minimum of 8,000 ($8,000,000) shares of Series A Preferred Stock, par value $0.0001 ("**Series A Preferred**" or "**Shares**") and a maximum of 15,000 Shares ($15,000,000), plus an over-allotment of an additional 5,000 ($5,000,000) Shares; and

WHEREAS, in connection with the Offering, the Company agreed to provide certain registration rights related to the shares of Common Stock issuable upon conversion of the Series A Preferred (the "**Conversion Shares**") on the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants, and conditions set forth herein, the parties mutually agree as follows:

1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

"Agreement" has the meaning given it in the preamble to this Agreement.

"Allowed Delay" has the meaning given it in Section 2(c)(2) of this Agreement.

"Approved Market" means the Over-the-Counter Bulletin Board, the OTC Markets, Nasdaq Stock Market, the New York Stock Exchange or the NYSE American.

"Blackout Period" means, with respect to a registration, a period, in each case commencing on the day immediately after the Company notifies the Purchasers that they are required, because of the occurrence of an event of the kind described in Section 3(f) hereof, to suspend offers and sales of Registrable Securities during which the Company, in the good faith judgment of its board of directors, determines (because of the existence of, or in anticipation of, any acquisition, financing activity, or other transaction involving the Company, or the unavailability for reasons beyond the Company's control of any required financial statements, disclosure of information which is in its best interest not to publicly disclose, or any other event or condition of similar significance to the Company) that the registration and distribution of the Registrable Securities to be covered by such Registration Statement, if any, would be seriously detrimental to the Company or its stockholders and ending on the earlier of (1) the date upon which the MNPI commencing the Blackout Period is disclosed to the public or ceases to be material and (2) such time as the Company notifies the selling Holders that the Company will no longer delay such filing of the Registration Statement, recommence taking steps to make such Registration Statement effective, or allow sales pursuant to such Registration Statement to resume.

"Business Day" means any day of the year, other than a Saturday, Sunday, or other day on which the Commission is required or authorized to close.

"Commission" or "SEC" means the U.S. Securities and Exchange Commission or any other applicable federal agency at the time administering the Securities Act.

"Common Stock" means the common stock, par value $0.0001 per share, of the Company and any and all shares of capital stock or other equity securities of: (i) the Company which are added to or exchanged or substituted for the Common Stock by reason of the declaration of any stock dividend or stock split, the issuance of any distribution or the reclassification, readjustment, recapitalization or other such modification of the capital structure of the Company; and (ii) any other corporation, now or hereafter organized under the laws of any state or other governmental authority, with which the Company is merged, which results from any consolidation or reorganization to which the Company is a party, or to which is sold all or substantially all of the shares or assets of the Company, if immediately after such merger, consolidation, reorganization or sale, the Company or the stockholders of the Company own equity securities having in the aggregate more than 50% of the total voting power of such other corporation.

"Company" has the meaning given it in the preamble to this Agreement.

"Conversion Shares" has the meaning given it in the recitals of this Agreement.

"Effective Date" has the meaning given it in the preamble to this Agreement.

"Effectiveness Deadline" means the date that is ninety (90) days after the Registration Filing Deadline.

"Effectiveness Period" has the meaning given it in Section 2(a) of this Agreement

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Holder" means a Purchaser or any permitted transferee or assignee thereof to whom a Purchaser assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 6 and any transferee or assignee thereof to whom a transferee or assignee assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 6.

"Majority Holders" means at any time holders of at least a majority of the Registrable Securities.

"MNPI" means material non-public information within the meaning of Regulation FD promulgated under the Exchange Act, which shall, in any case, include the receipt of the notice pursuant to Section 2(c) and the information contained in such notice.

"Piggyback Registration" means, in any registration of Common Stock as set forth in Section 2(d), the ability of holders of Registrable Securities to include Registrable Securities in such registration.

"Placement Agent" means Aegis Capital Corp.

The terms "register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

"Registrable Securities" means (i) the Conversion Shares issued or issuable upon conversion of the Series A Preferred, and (ii) any capital stock of the Company issued or issuable with respect to the Conversion Shares or the Series A Preferred as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise, without regard to any limitations on conversion of the Series A Preferred.

"Registration Filing Date" means the date that is ninety (90) days after the date of the final closing of the Offering.

"Registration Statement" means the registration statement that the Company is required to file pursuant to this Agreement to register the Registrable Securities.

"Rule 144" means Rule 144 promulgated by the Commission under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same purpose and effect as such rule.

"Rule 415" means Rule 415 promulgated by the Commission under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same purpose and effect as such rule.

"Securities Act" means the Securities Act of 1933, as amended, or any similar federal statute promulgated in replacement thereof, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

2. Registration.

(a) Mandatory Registration. Not later than the Registration Filing Date, the Company shall file with the Commission a Registration Statement on Form S-1, Form S-3 or any other appropriate form, relating to the resale by the Holders of all of the Registrable Securities, and the Company shall use commercially reasonable efforts to cause such Registration Statement to be declared effective by the Commission as soon as practicable thereafter, but in no event later than the Effectiveness Deadline and shall use its best efforts to keep such Registration Statement continuously effective under the Securities Act until the date that all Registrable Securities covered by such Registration Statement (i) have been sold, thereunder or pursuant to Rule 144, or (ii) may be sold without volume or manner-of-sale restrictions pursuant to Rule 144 and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144, as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company's transfer agent and the affected Holders (the "**Effectiveness Period**"). The registration rights under this Section 2 shall not apply or be available with respect to securities of the Company held by affiliates (as defined in Rule 405 under the Securities Act) and related persons (as defined in Rule 404 under the Securities Act) of the Placement Agent or the officers and directors of the Company and their affiliates.

(b) Allocation of Registrable Securities. The initial number of Registrable Securities included in any Registration Statement and any increase in the number of Registrable Securities included therein shall be allocated pro rata among the Holders based on the number of Registrable Securities held by each Holder at the time the Registration Statement covering such initial number of Registrable Securities or increase thereof is declared effective by the SEC. In the event that a Holder sells or otherwise transfers any of such Holder's Registrable Securities, each transferee shall be allocated a pro rata portion of the then remaining number of Registrable Securities included in such Registration Statement for such transferor. Any shares of Common Stock included in a Registration Statement and which remain allocated to any Person which ceases to hold any Registrable Securities covered by such Registration Statement shall be allocated to the remaining Holders, pro rata based on the number of Registrable Securities then held by such Holders which are covered by such Registration Statement. In no event shall the Company include any securities other than Registrable Securities on any Registration Statement without the prior written consent of the Majority Holders.

(c) (1) if the Commission allows the Registration Statement to be declared effective at any time before or after the Effectiveness Date, subject to the withdrawal of certain Registrable Securities from the Registration Statement, and the reason is the Commission's determination that (x) the offering of any of the Registrable Securities constitutes a primary offering of securities by the Company, (y) Rule 415 may not be relied upon for the registration of the resale of any or all of the Registrable Securities, and/or (z) a Holder of any Registrable Securities must be named as an underwriter, the Holders understand and agree the Company may reduce, on a *pro rata* basis, the total number of Registrable Securities to be registered on behalf of each such Holder. In any such *pro rata* reduction, the number of Registrable Securities to be registered on such Registration Statement will be reduced on a pro rata basis based on the total number of unregistered Conversion Shares. In addition, any such affected Holder shall be entitled to Piggyback Registration rights after the Registration Statement is declared effective by the Commission until such time as: (AA) all Registrable Securities have been registered pursuant to an effective Registration Statement, (BB) the Registrable Securities may be resold without restriction pursuant to SEC Rule 144 of the Securities Act or (CC) the Holder agrees to be named as an underwriter in any such registration statement. The Holders acknowledge and agree the provisions of this paragraph may apply to more than one Registration Statement; and

(2) For not more than thirty (30) consecutive days or for a total of not more than sixty (60) days in any twelve (12) month period, the Company may suspend the use of any prospectus included in any Registration Statement contemplated by this Section in the event that the Company determines in good faith that such suspension is necessary to (A) delay the disclosure of MNPI concerning the Company, the disclosure of which at the time is not, in the good faith opinion of the Company, in the best interests of the Company or (B) amend or supplement the affected Registration Statement or the related prospectus so that (i) such Registration Statement shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein or (ii) such prospectus shall not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading, including in connection with the filing of a post-effective amendment to such Registration Statement in connection with the Company's filing of an Annual Report on Form 10-K for any fiscal year (an "**Allowed Delay**"); provided, that the Company shall promptly (a) notify each Holder in writing of the commencement of an Allowed Delay, but shall not (without the prior written consent of an Holder) disclose to such Holder any MNPI giving rise to an Allowed Delay, (b) advise the Holders in writing to cease all sales under the Registration Statement until the end of the Allowed Delay and (c) use commercially reasonable efforts to terminate an Allowed Delay as promptly as practicable.

(d) Piggyback Registration Rights. In addition to the Company's agreement pursuant to Section 2(a) above, if the Company shall, at any time during the Effectiveness Period or as contemplated pursuant to Section 2(c) and ending when all Registrable Securities have been sold by Holders, determine (i) to register for sale any of its Common Stock in an underwritten offering, or (ii) to file a registration statement covering the resale of any shares of the Common Stock held by any of its shareholders (other than the registration contemplated in Section 2(a) above), the Company shall provide written notice to the Holders, which notice shall be provided no less than fifteen (15) calendar days prior to the filing of such applicable registration statement (the "**Company Notice**"). In that event, the right of any Holder to include the Registrable Securities in such a registration shall be conditioned upon such Holder's written request to participate which shall be delivered to the Company within ten (10) calendar days after the Company Notice, as well as such Holder's participation in such underwriting (if applicable, for purposes of this paragraph) and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to sell any of their Registrable Securities through such underwriting shall (together with the Company and any other stockholders of the Company selling their securities through such underwriting) enter into an underwriting agreement in customary form with the underwriter selected for such underwriting. Notwithstanding anything herein to the contrary, if the underwriter determines that marketing factors require a limitation on the number of shares of Common Stock or the amount of other securities to be underwritten, the underwriter may exclude some or all Registrable Securities from such registration and underwriting. The Company shall so advise all Holders (except those Holders who failed to timely elect to include their Registrable Securities through such underwriting or have indicated to the Company their decision not to do so), and indicate to each such Holder the number of shares of Registrable Securities that may be included in the registration and underwriting, if any. The number of Registrable Securities to be included in such registration and underwriting shall be allocated first to the Company, then to all other selling stockholders, including the Holders, who have requested to sell in the registration on a pro rata basis according to the number of shares requested to be included therein. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw such Holder's Registrable Securities therefrom by delivering a written notice to the Company and the underwriter. A Holder with Registrable Securities included in any registration shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required in order to comply with any applicable law or regulation in connection with the registration of such Holder's Registrable Securities or any qualification or compliance with respect to such Holder's Registrable Securities and referred to in this Agreement. The Company shall have the right to terminate or withdraw any registration initiated by it before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. Notwithstanding the foregoing, the Company shall not be required to register any Registrable Securities pursuant to this Section 2(d) that are eligible for resale pursuant to Rule 144 without restriction (including, without limitation, volume restrictions) or that are the subject of a then-effective Registration Statement. The Company may postpone or withdraw the filing or the effectiveness of a piggyback registration at any time in its sole discretion.

3. Registration Procedures for Registrable Securities. The Company will keep each Holder reasonably advised as to the filing and effectiveness of the Registration Statement. At its expense with respect to the Registration Statement, the Company will:

(a) prepare and file with the Commission with respect to the Registrable Securities, a Registration Statement on Form S-1, Form S-3, or any other form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of the Registrable Securities in accordance with the intended methods of distribution thereof, and use its commercially reasonable efforts to cause such Registration Statement to become effective and shall remain the Effectiveness Period. Thereafter, the Company shall be entitled to withdraw such Registration Statement and the Holders shall have no further right to offer or sell any of the Registrable Securities registered for resale thereon pursuant to the respective Registration Statement (or any prospectus relating thereto);

(b) if the Registration Statement is subject to review by the Commission, respond in a commercially reasonable manner to all comments and diligently pursue resolution of any comments to the satisfaction of the Commission;

(c) prepare and file with the Commission such amendments and supplements to such Registration Statement as may be necessary to keep such Registration Statement effective during the Effectiveness Period;

(d) furnish, without charge, to each Holder of Registrable Securities covered by such Registration Statement (i) a reasonable number of copies of such Registration Statement (including any exhibits thereto other than exhibits incorporated by reference), each amendment and supplement thereto as such Holder may reasonably request, (ii) such number of copies of the prospectus included in such Registration Statement (including each preliminary prospectus and any other prospectus filed under Rule 424 of the Securities Act) as such Holders may reasonably request, in conformity with the requirements of the Securities Act, and (iii) such other documents as such Holder may require to consummate the disposition of the Registrable Securities owned by such Holder, but only during the Effectiveness Period;

(e) use its commercially reasonable efforts to register or qualify such registration under such other applicable securities laws of such jurisdictions as any Holder of Registrable Securities covered by such Registration Statement reasonably requests and as may be necessary for the marketability of the Registrable Securities (such request to be made by the time the applicable Registration Statement is deemed effective by the Commission) and do any and all other acts and things necessary to enable such Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holder; provided, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph, (ii) subject itself to taxation in any such jurisdiction, or (iii) consent to general service of process in any such jurisdiction.

(f) notify each Holder of Registrable Securities, the disposition of which requires delivery of a prospectus relating thereto under the Securities Act, of the happening of any event (as promptly as practicable after becoming aware of such event), which comes to the Company's attention, that will after the occurrence of such event cause the prospectus included in such Registration Statement, if not amended or supplemented, to contain an untrue statement of a material fact or an omission to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and the Company shall promptly thereafter prepare and furnish to such Holder a supplement or amendment to such prospectus (or prepare and file appropriate reports under the Exchange Act) so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless suspension of the use of such prospectus otherwise is authorized herein or in the event of a Blackout Period, in which case no supplement or amendment need be furnished (or Exchange Act filing made) until the termination of such suspension or Blackout Period;

(g) comply, and continue to comply during the Effectiveness Period, in all material respects with the Securities Act and the Exchange Act and with all applicable rules and regulations of the Commission with respect to the disposition of all securities covered by such Registration Statement;

(h) as promptly as practicable after becoming aware of such event, notify each Holder of Registrable Securities being offered or sold pursuant to the Registration Statement of the issuance by the Commission of any stop order or other suspension of effectiveness of the Registration Statement;

(i) use its commercially reasonable efforts to cause all the Registrable Securities covered by the Registration Statement to be quoted on such Approved Market on which securities of the same class or series issued by the Company are then listed or quoted;

(j) provide a transfer agent and registrar, which may be a single entity, for the shares of Common Stock registered hereunder;

(k) though the Registrable Securities will be issued in book entry form, if requested by the Holders, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement, which certificates shall be free, to the extent permitted by applicable law, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request; and

(l) take all other reasonable actions necessary to expedite and facilitate the disposition by the Holders of the Registrable Securities pursuant to the Registration Statement.

4. Suspension of Offers and Sales. Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(f) hereof or of the commencement of a Blackout Period, such Holder shall discontinue the disposition of Registrable Securities included in the Registration Statement until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(f) hereof or notice of the end of the Blackout Period, and, if so directed by the Company, such Holder shall deliver to the Company (at the Company's expense) all copies (including, without limitation, any and all drafts), other than permanent file copies, then in such Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

5. Registration Expenses. The Company shall pay all expenses in connection with any registration obligation provided herein, including, without limitation, all registration, filing, stock exchange fees, printing expenses, all fees and expenses of complying with applicable securities laws, and the fees and disbursements of counsel for the Company and of its independent accountants; provided, that, in any registration, each party shall pay for its own underwriting discounts and commissions and transfer taxes. Except as provided in this Section 5 and Section 8, the Company shall not be responsible for the expenses of any attorney or other advisor employed by a Holder.

6. Assignment of Rights. The rights under this Agreement shall be automatically assignable by the Holders to any transferee of all or any portion of such Holder's Registrable Securities if: (i) the Holder agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment; (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned and (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act and applicable state securities laws; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein.

7. Information by Holder. A Holder with Registrable Securities included in any registration shall furnish to the Company (and any managing underwriter(s), where applicable) such information regarding itself, the Registrable Securities held by it, the intended method of disposition of such securities, and such other information as shall be required in order to comply with any applicable law or regulation in connection with the registration of such Holder's Registrable Securities or any qualification or compliance with respect to such Holder's Registrable Securities and referred to in this Agreement. A form of Selling Stockholder Questionnaire is attached as Exhibit A hereto.

8. Indemnification.

(a) In the event of the offer and sale of Registrable Securities under the Securities Act, the Company shall, and hereby does, indemnify and hold harmless, to the fullest extent permitted by law, each Holder, its directors, officers, partners, each other person who participates as an underwriter in the offering or sale of such securities, and each other person, if any, who controls or is under common control with such Holder or any such underwriter within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, and expenses to which the Holder or any such director, officer, partner or underwriter or controlling person may become subject under the Securities Act, the Exchange Act, or any other federal or state law, insofar as such losses, claims, damages, liabilities or expenses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon (1), in the case of any registration statement prepared and filed by the Company under which Registrable Securities were registered under the Securities Act, if such registration statement contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (2) in the case of any preliminary prospectus, final prospectus or summary prospectus contained in such registration statement, or any amendment or supplement thereto, if such preliminary prospectus, final prospectus or summary prospectus includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading, or any violation or alleged violation of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law in connection with this Agreement; and the Company shall reimburse the Holder, and each such director, officer, partner, underwriter and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating, defending or settling any such loss, claim, damage, liability, action or proceeding; provided, that such indemnity agreement found in this Section 8(a) shall in no event exceed the net proceeds from the Offering received by the Company; and provided further, that the Company shall not be liable in any such case (i) to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement in or omission from such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company by the Holder specifically for use in the preparation thereof or (ii) if the person asserting any such loss, claim, damage, liability (or action or proceeding in respect thereof) who purchased the Registrable Securities that are the subject thereof did not receive a copy of the preliminary prospectus or the final prospectus (or the final prospectus as amended or supplemented) at or prior to the written confirmation of the sale of such Registrable Securities to such person because of the failure of such Holder or underwriter to so provide such preliminary or final prospectus and the untrue statement or omission of a material fact made in such preliminary prospectus was corrected in the amended preliminary or final prospectus (or the final prospectus as amended or supplemented). Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Holders, or any such director, officer, partner, underwriter or controlling person and shall survive the transfer of such shares by the Holder.

(b) As a condition to including Registrable Securities in any registration statement filed pursuant to this Agreement, each Holder agrees to be bound by the terms of this Section 8 and to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors and officers, and each other person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which the Company or any such director or officer or controlling person may become subject under the Securities Act, the Exchange Act, or any other federal or state law, to the extent arising out of or based solely upon: (x) such Holder's failure to comply with the prospectus delivery requirements of the Securities Act or (y)(1), in the case of any registration statement prepared and filed by the Company under which Registrable Securities were registered under the Securities Act, if such registration statement contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (2) in the case of any preliminary prospectus, final prospectus or summary prospectus contained in such registration statement, or any amendment or supplement thereto, such preliminary prospectus, final prospectus or summary prospectus includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading, (i) to the extent, but only to the extent, that such untrue statement or omission referred to in (y)(1) or (y)(2) above is contained in any information so furnished in writing by such Holder to the Company specifically for inclusion in the registration statement or such prospectus or (ii) to the extent that (1) such untrue statements or omissions referred to in (y)(1) or (y)(2) above are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such prospectus or such form of prospectus or in any amendment or supplement thereto or (2) in the case of an occurrence of an event of the type specified in Section 3(f) hereof, the use by such Holder of an outdated or defective prospectus after the Company has notified such Holder in writing that the prospectus is outdated or defective and prior to the receipt by such Holder of the advice contemplated in Section 3(f). Each Holder's obligation to indemnify shall be individual, not joint and several, and in no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in this Section (including any governmental action), such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the indemnifying party of the commencement of such action; provided, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Section, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, the indemnifying party shall be entitled to participate in and to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties arises in respect of such claim after the assumption of the defenses thereof or the indemnifying party fails to defend such claim in a diligent manner. If, in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties arises in respect of such claim after the assumption of the defenses thereof, the indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the reasonable fees and expenses to be paid by the indemnifying party. No indemnifying party shall be liable for any settlement of any action or proceeding effected without its consent. No indemnifying party shall, without the consent of the indemnified party (which consent shall not be unreasonably withheld, conditioned or delayed), consent to entry of any judgment or enter into any settlement, unless such consent to entry of judgment or settlement includes as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation. Notwithstanding anything to the contrary set forth herein, and without limiting any of the rights set forth above, in any event any party shall have the right to retain, at its own expense, counsel with respect to the defense of a claim.

(d) If an indemnifying party does or is not permitted to assume the defense of an action pursuant to Section 8(c) or in the case of the expense reimbursement obligation set forth in Sections 8(a) and (b), the indemnification required by Sections 8(a) and 8(b) shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills received or expenses, losses, damages, or liabilities are incurred provided that the indemnifying party is provided appropriate documentation.

(e) If the indemnification provided for in Section 8(a) or 8(b) is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall (i) contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense as is appropriate to reflect the proportionate relative fault of the indemnifying party on the one hand and the indemnified party on the other (determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission), or (ii) if the allocation provided by clause (i) above is not permitted by applicable law or provides a lesser sum to the indemnified party than the amount hereinafter calculated, not only the proportionate relative fault of the indemnifying party and the indemnified party, but also the relative benefits received by the indemnifying party on the one hand and the indemnified party on the other, as well as any other relevant equitable considerations. No indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any indemnifying party who was not guilty of such fraudulent misrepresentation.

9. Rule 144. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit the Holders to sell the Registrable Securities to the public without registration, the Company agrees to use commercially reasonable efforts to: (i) to make and keep public information available as those terms are understood in SEC Rule 144, (ii) to file with the SEC in a timely manner all reports and other documents required to be filed by an issuer of securities registered under the Securities Act or the Exchange Act pursuant to SEC Rule 144, (iii) as long as any Holder owns any Registrable Securities, to furnish in writing upon such Holder's request a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 and of the Securities Act and the Exchange Act, and to furnish to such Holder a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed by the Company as may be reasonably requested in availing such Holder of any rule or regulation of the SEC permitting the selling of any such Registrable Securities without registration, (iv) with respect to the sale of any Registrable Securities by a Holder pursuant to SEC Rule 144 and subject to Holder providing necessary documentation to meet the requirements of such rule, to promptly furnish, without any charge to such Holder, a written legal opinion of its counsel to facilitate such sale and, if necessary, instruct its transfer agent in writing that it may rely on said written legal opinion of counsel with respect to said sale and (v) undertake any additional actions commercially necessary to maintain the availability of Rule 144.

10. Independent Nature of Each Purchaser's Obligations and Rights. The obligations of each Purchaser under this Agreement are several and not joint with the obligations of any other Purchaser, and each Purchaser shall not be responsible in any way for the performance of the obligations of any other Purchaser under this Agreement. Nothing contained herein and no action taken by any Purchaser pursuant hereto, shall be deemed to constitute such Purchasers as a partnership, an association, a joint venture, or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement. Each Purchaser shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose.

11. Miscellaneous.

(a) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

(b) Remedies. In the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(c) Successors and Assigns. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, permitted transferees and assignees, executors and administrators of the parties hereto.

(d) No Inconsistent Agreements. The Company has not entered, as of the date hereof, and shall not enter, on or after the date of this Agreement, into any agreement with respect to its securities that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof.

(e) Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof.

(f) Notices, etc. All notices or other communications which are required or permitted under this Agreement shall be in writing and sufficient if delivered by hand, by facsimile transmission, by registered or certified mail, postage pre-paid, by electronic mail, or by courier or overnight carrier, to the persons at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed to have been delivered as of the date so delivered:

If to the Company to:

DarioHealth Corp.
8 Ha Tokhen Street
Caesarea Industrial Park, Israel 3088900
Attention: Attn: Erez Raphael, CEO
Zvi Ben-David, CFO
Email: erez@mydario.com and zvi@mydario.com

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

Zysman, Aharoni, Gayer and Sullivan & Worcester LLP
1633 Broadway, 32nd Floor
New York, New York 10019
Attention: Oded Har-Even, Esq.
Email: ohareven@sullivanlaw.com

If to the Purchasers:

To each Purchaser at the address set forth on the signature page hereto or at such other address as any party shall have furnished to the Company in writing.

(g) Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Holder, upon any breach or default of the Company under this Agreement, shall impair any such right, power or remedy of such Holder nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereunder occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Holder of any breach or default under this Agreement, or any waiver on the part of any Holder of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any holder, shall be cumulative and not alternative.

(h) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument. In the event that any signature is delivered by facsimile transmission or electronic transmission via .PDF file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or electronic signature page were an original thereof.

(i) Severability. In the case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(j) Amendments. The provisions of this Agreement may be amended at any time and from time to time, and particular provisions of this Agreement may be waived, with and only with an agreement or consent in writing signed by the Company and the Majority Holders. The Purchasers acknowledge that by the operation of this Section, the Majority Holders may have the right and power to diminish or eliminate all rights of the Holders under this Agreement.

[*SIGNATURE PAGES FOLLOW*]

This Registration Rights Agreement is hereby executed as of the date first above written.

COMPANY:

DARIOHEALTH CORP.

By: _____
Name: Erez Raphael
Title: Chief Executive Officer

EACH PURCHASER'S SIGNATURE TO THE SUBSCRIPTION AGREEMENT THAT IS DELIVERED IN CONNECTION WITH THE OFFERING SHALL CONSTITUTE SUCH PURCHASER'S SIGNATURE TO THIS REGISTRATION RIGHTS AGREEMENT.

Exhibit A

Selling Stockholder Notice and Questionnaire

The undersigned beneficial owner of common stock (the "Registrable Securities") of DarioHealth Corp., a Delaware corporation (the "Company"), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the "Commission") a registration statement (the "Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement (the "Registration Rights Agreement") to which this document is annexed. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Certain legal consequences arise from being named as a selling stockholder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling stockholder in the Registration Statement and the related prospectus.

NOTICE

The undersigned beneficial owner (the "Selling Stockholder") of Registrable Securities hereby elects to include the Registrable Securities owned by it in the Registration Statement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name.

(a) Full Legal Name of Selling Stockholder

_____

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities are held:

_____

(c) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by this Questionnaire):

_____

2. Address for Notices to Selling Stockholder:

_____

_____

_____

Telephone: _____
Fax: _____
Contact Person: _____

3. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes ☐ No ☐

(b) If "yes" to Section 3(a), did you receive your Registrable Securities as compensation for investment banking services to the Company?

Yes ☐ No ☐

Note: If "no" to Section 3(b), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

(d) If you are an affiliate of a broker-dealer, do you certify that you purchased the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes ☐ No ☐

Note: If "no" to Section 3(d), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

4. Beneficial Ownership of Securities of the Company Owned by the Selling Stockholder.

Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company other than the securities issuable pursuant to the Purchase Agreement.

(a) Type and Amount of other securities beneficially owned by the Selling Stockholder:

_____

_____

(b) Number of shares of Common Stock to be registered pursuant to this Notice for resale:

_____

_____

5. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

_____

_____

The undersigned agrees to promptly notify the Company of any material inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective; provided, that the undersigned shall not be required to notify the Company of any changes to the number of securities held or owned by the undersigned or its affiliates.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus and any amendments or supplements thereto.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Date: _____ Beneficial Owner: _____

By: _____
Name:
Title:

PLEASE FAX A COPY (OR EMAIL A .PDF COPY) OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE TO:

Exhibit 10.12

PLACEMENT AGENCY AGREEMENT

October 22, 2019

Aegis Capital Corp.
810 Seventh Ave, 18th Floor
New York, NY 10019

Re: DarioHealth Corp.

Ladies and Gentlemen:

This Placement Agency Agreement ("**Agreement**") sets forth the terms upon which Aegis Capital Corp., a New York corporation ("**Aegis**" or "**Placement Agent**"), a registered broker-dealer and member of the Financial Industry Regulatory Authority ("**FINRA**"), shall be engaged by DarioHealth Corp., a Delaware corporation (the "**Company**") to act as exclusive Placement Agent in connection with the private placement (the "**Offering**") of up to an aggregate of 20,000 shares (the "**Shares**") of Series A Convertible Preferred Stock, par value $0.0001 per share (the "**Series A Preferred Stock**"). The Offering will consist of a minimum of 8,000 Shares ($8,000,000) ("**Minimum Offering Amount**") and up to a maximum of 15,000 Shares ($15,000,000) ("**Maximum Offering Amount**") which shall be offered on a "reasonable efforts, all or none" basis as to the Minimum Offering Amount and a "reasonable efforts" basis for all amounts in excess of the Minimum Offering Amount. In the event the Offering is oversubscribed, the Company and Placement Agent may, in their mutual discretion, have Company sell up to 5,000 additional Shares for an additional aggregate purchase price of $5,000,000 (the "**Overallotment**"). For purposes hereof, this Agreement shall also cover and the term "Shares" shall include to the potential issuance and sale of another series of convertible preferred stock of the Company, with identical rights and preferences as the Series A Preferred Stock being sold in the Offering (except for voting provisions) and which may be sold to certain persons due to concerns relating to beneficial ownership limitations.

The purchase price for the Shares will be $1,000 per Share (the "**Offering Price**"), with a minimum investment of $100,000; *provided*, *however*, that subscriptions for lesser amounts may be accepted in the Company's and Placement Agent's joint discretion. The Placement Agent shall accept subscriptions only from persons or entities who qualify as "accredited investors," as such term is defined in Rule 501 of Regulation D ("**Regulation D**") as promulgated by the United States Securities and Exchange Commission (the "**SEC**") under Section 4(a)(2) of the Securities Act of 1933, as amended (the "**Securities Act**"). The Shares will be offered until the earlier of (i) the termination of the Offering as provided herein, (ii) the time that all Shares offered in the Offering are sold or (iii) November 15, 2019 ("**Initial Offering Period**"), which date may be extended by the Placement Agent and the Company in their joint discretion until January 31, 2020 (this additional period and the Initial Offering Period shall be referred to as the "**Offering Period**"). The date on which the Offering expires or is terminated shall be referred to as the "**Termination Date**."

With respect to the Offering, the Company shall provide the Placement Agent, on terms set forth herein, the right to offer and sell all of the Shares being offered. Purchases of Shares may be made by the Placement Agent and its officers, directors, employees and affiliates. All such purchases, together with purchases by officers, directors, employees and affiliates of the Company, shall be included in calculations as to whether the Minimum Offering Amount, Maximum Offering Amount or Overallotment has been sold in the Offering. The Company, in its sole discretion, may accept or reject, in whole or in part, any prospective investment in the Shares. Notwithstanding anything to the contrary set forth herein, it is understood that no sale shall be regarded as effective unless and until accepted by the Company. The Company and the Placement Agent shall mutually agree with respect to allotting any prospective subscriber less than the number of Shares that such subscriber desires to purchase.

The Offering will be made by the Company solely pursuant to the Memorandum (as defined below), which at all times will be in form and substance reasonably acceptable to the Company, the Placement Agent and their respective counsel and contain such legends and other information as Company, the Placement Agent and their respective counsel, may, from time to time, deem necessary or desirable to be set forth therein. "**Memorandum**" as used in this Agreement means Company's Confidential Private Placement Memorandum dated on or about October 22, 2019, inclusive of all annexes, and all amendments, supplements and appendices thereto.

1. Appointment of Placement Agent. On the basis of the representations and warranties provided herein, and subject to the terms and conditions set forth herein, the Placement Agent is appointed as exclusive placement agent for the Company during the Offering Period to assist the Company in finding qualified subscribers for the Offering. The Placement Agent may sell Shares through other broker-dealers who are FINRA members, as well as through foreign finders pursuant to applicable FINRA rules, and may reallow all or a portion of the Agent Compensation (as defined in Section 3(b) below) it receives to such other broker-dealers or foreign finders. On the basis of such representations and warranties and subject to such terms and conditions, the Placement Agent hereby accepts such appointment and agrees to perform its services hereunder diligently and in good faith and in a professional and businesslike manner and to use its reasonable efforts to assist the Company in (A) finding subscribers of Shares who qualify as "accredited investors," as such term is defined in Rule 501 of Regulation D, and (B) completing the Offering. The Placement Agent has no obligation to purchase any of the Shares. Unless sooner terminated in accordance with this Agreement, the engagement of the Placement Agent hereunder shall continue until the later of the Termination Date or the Final Closing (as defined below).

2. Representations, Warranties and Covenants of the Company. Except as set forth in the Memorandum, the SEC Reports (as defined herein) or in the schedule of exceptions delivered to the Placement Agent on the date hereof (the "**Schedule of Exceptions**"), the representations and warranties of the Company contained in this Section 2 are true and correct as of the date of this Agreement.

(a) The Memorandum has been prepared by the Company in compliance in all material respects with Regulation D and Section 4(a)(2) of the Act and the requirements of all other rules and regulations (the "**Regulations**") relating to offerings of the type contemplated by the Offering, and the applicable securities laws and the rules and regulations of those jurisdictions wherein the Placement Agent notifies the Company that the Shares are to be offered and sold excluding any foreign jurisdictions. The Shares will be offered and sold pursuant to the registration exemptions provided by Regulation D and Section 4(a)(2) of the Act as a transaction not involving a public offering and the requirements of any other applicable state securities laws and the respective rules and regulations thereunder in those United States jurisdictions in which the Placement Agent notifies the Company that the Shares are being offered for sale. To the extent that Shares are offered in jurisdictions outside of the United States, such Shares will be offered and sold in compliance with all applicable laws that govern private securities offerings in the applicable country and in all local jurisdictions in which such Shares are offered. None of the Company, its affiliates, or any person acting on its or their behalf (other than the Placement Agent, its affiliates or any person acting on its behalf, in respect of which no representation is made) has taken nor will it take any action that conflicts with the conditions and requirements of, or that would make unavailable with respect to the Offering, the exemption(s) from registration available pursuant to Rule 506(b) of Regulation D or Section 4(a)(2) of the Act, or knows of any reason why any such exemption would be otherwise unavailable to it. None of the Company, its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failing to comply with Section 503 of Regulation D. The Company has not, for a period of six months prior to the commencement of the offering of Shares, sold, offered for sale or solicited any offer to buy any of its securities in a manner that would be integrated with the offer and sale of the Shares pursuant to this Agreement and would cause the exemption from registration set forth in Rule 506(b) of Regulation D to become unavailable with respect to the offer and sale of the Shares pursuant to this Agreement in the United States. For purposes of this Agreement, "to the Company's Knowledge" or similar phrases means (a) the actual knowledge of any of Erez Raphael and Zvi Ben-David of a fact or matter after making reasonable inquiry.

(b) The Memorandum does not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, the foregoing does not apply to any statements or omissions made solely in reliance on and in conformity with written information furnished to the Company by the Placement Agent specifically for use in the preparation thereof. To the Company's Knowledge, none of the statements, documents, certificates or other items made, prepared or supplied by the Company with respect to the transactions contemplated hereby contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein not misleading in light of the circumstances in which they were made. There are no facts, circumstances or conditions which the Company has not disclosed in the Memorandum and of which the Company is aware that has had or that could reasonably be expected to have a Company Group Material Adverse Effect (as defined in Section 2(c) below). Notwithstanding anything to the contrary herein, the Company makes no representation or warranty with respect to any estimates, projections and other forecasts and plans (including the reasonableness of the assumptions underlying such estimates, projections and other forecasts and plans) that may have been delivered to the Placement Agent or its representatives or that are contained in the Memorandum, except that such estimates, projections and other forecasts and plans have been prepared in good faith on the basis of assumptions stated therein, which assumptions were believed to be reasonable at the time of such preparation. Any statistical and market-related data included in the Memorandum are based on or derived from sources that the Company believes, after reasonable inquiry, to be reliable and accurate in all material respects and, to the extent required, the Company has obtained the written consent to the use of such data from such sources.

(c) The Company is a corporation duly incorporated and validly existing in good standing under the laws of the State of Delaware and has the requisite power and authority to own its properties and to carry on its business as described in the Memorandum. Section 2(c) of the Schedule of Exceptions lists each entity owned or controlled, directly or indirectly by the Company (each a "**Subsidiary**" and collectively, the "**Subsidiaries**"). Each Subsidiary is duly incorporated or formed, as applicable, validly existing and in good standing under the laws of the state or foreign jurisdiction of its incorporation or formation, as applicable, as set forth in Section 2(c) of the Schedule of Exceptions. Except as set forth on Section 2(c) of the Schedule of Exceptions, neither the Company nor any Subsidiary (i) owns or controls, directly or indirectly, any interest in any other corporation, association or other business entity or (ii) participates in any joint venture, partnership or similar arrangement. Each Subsidiary has the requisite company power to own, operate and lease its properties and to carry out its business as described in the Memorandum. Each of the Company and the Subsidiaries (collectively referred to herein as the "**Company Group)** is qualified or licensed to do business in the jurisdictions listed in Section 2(c) of the Schedule of Exceptions, except for any failure to be so qualified or licensed that would not have a Company Group Material Adverse Effect. Each member of the Company Group is qualified or licensed to do business in all jurisdictions in which the character of the properties owned or held under lease by it or the nature of its business makes qualification necessary, except where the failure to be so qualified or licensed would not reasonably be expected to result in a Company Group Material Adverse Effect. No member of the Company Group is in violation of any provision of any of its organizational documents. As used in this Agreement, "**Company Group Material Adverse Effect"** means any event, circumstance, change or effect that, individually or in the aggregate with all other events, circumstances, changes and effects, is or is reasonably likely to be materially adverse to (i) the business, condition (financial or otherwise), assets, liabilities or results of operations of the Company and its Subsidiaries taken as a whole or (ii) the ability of the Company to consummate the transactions contemplated by this Agreement and to perform its obligations under the Transaction Documents; provided, however, that clause (i) shall not include any event, circumstance, change or effect resulting from (y) changes in general economic conditions or changes in securities markets in general that do not have a materially disproportionate effect (relative to other industry participants) on the Company or its Subsidiaries or (z) general changes in the industries in which the Company and the Company Subsidiaries operate, except those events, circumstances, changes or effects that adversely affect the Company and its Subsidiaries to a materially greater extent than they affect other entities operating in such industries.

(d) The Company has all requisite corporate power and authority to enter into and perform its obligations under this Agreement, the Registration Rights Agreement substantially in the form of Exhibit B to the Memorandum (the "**Registration Rights Agreement**"), the Subscription Agreement substantially in the form of Exhibit A to the Memorandum (the "**Subscription Agreement**"), the Escrow Agreement (as hereinafter defined) and the other agreements contemplated hereby (this Agreement, the Subscription Agreement, the Registration Rights Agreement and the other agreements contemplated hereby that the Company is executing and delivering hereunder are collectively referred to herein as the "**Transaction Documents**").

(e) The Shares to be purchased by investors pursuant to the Memorandum and the Agent Warrants (as defined in Section 3(b)) to be issued to the Placement Agent pursuant to the terms of this Agreement have been duly authorized for issuance and sale pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth herein, will be duly and validly issued, fully paid and non-assessable and will have the rights, preferences and priorities set forth in the Company's Certificate of Incorporation (including the Certificate of Designation, as defined below). The shares of common stock, par value $0.0001 of the Company ("**Common Stock**") issuable upon conversion of the Shares and Agent Warrant Shares (as defined in Section 3(b)) (collectively, the "**Conversion Shares**") have been duly authorized and reserved for issuance and when issued by the Company upon valid conversion of the Shares and Agent Warrant Shares, will be duly and validly issued, fully paid and nonassessable. The shares of Common Stock which may be issued as dividends on the Shares (collectively, the "**Dividend Shares")** have been duly authorized and reserved for issuance, and when issued by the Company in payment of dividends on the Shares, will be duly and validly issued, fully paid and nonassessable. The Agent Warrant Shares have been duly authorized and reserved for issuance and when issued by the Company pursuant to the terms of the Agent Warrants, will be duly and validly issued, fully paid and nonassessable. The issuance of the Shares, Conversion Shares, Dividend Shares, Agent Warrants and Agent Warrant Shares are not subject to any preemptive or other similar rights of any securityholder of the Company. The capital stock of the Company conforms in all material respects to all statements relating thereto contained in the Memorandum. No holder of Shares or Agent Warrants will be subject to personal liability solely by reason of being such a holder.

(f) Prior to the First Closing, each of the Transaction Documents (other than this Agreement, which has already been authorized) will have been duly authorized. This Agreement has been duly authorized, executed and delivered and constitutes, and each of the other Transaction Documents, upon due execution and delivery, will constitute, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms (i) except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect related to laws affecting creditors' rights generally, including the effect of statutory and other laws regarding fraudulent conveyances and preferential transfers, and except that no representation is made herein regarding the enforceability of the Company's obligations to provide indemnification and contribution remedies under the securities laws and (ii) subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(g) Neither the execution and the delivery of this Agreement or any Transaction Document, nor the consummation of the transactions contemplated hereby, will (with or without the passage of time or giving of notice): (i) violate any injunction, judgment, order, decree, ruling, charge or other restriction, or any Law (as defined below) applicable to any member of the Company Group, (ii) violate any provisions of any of the charter documents of any member of the Company Group, (iii) violate or constitute a default (or any event which, with or without due notice or lapse of time, or both, would constitute a violation or default) under, result in the termination of, accelerate the performance required by any of the terms, conditions or provisions of any Material Contract (as defined in Section 2(n) below) of any member of the Company Group, or by which any member of the Company Group, or any of its respective operating assets, is bound or (iv) result in the creation of any lien, charge or other encumbrance on the assets or properties of any member of the Company Group. "**Law**" means any applicable federal, national, regional, state, municipal or local law, statute, treaty, rule, regulation, ordinance, order, code, judgment, decree, directive, injunction, writ or similar action or decision.

(h) The financial statements included in the Memorandum, together with the related schedules and notes, present fairly, in all material respects, the financial position of the Company and its Subsidiaries, at the dates indicated and its results of operations, stockholders' equity and cash flows for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("**GAAP**") applied on a consistent basis throughout the periods involved (except for any preparation of non-GAAP measures). The supporting schedules, if any, present fairly, in all material respects, in accordance with GAAP the information required to be stated therein. Except as set forth in such financial statements or otherwise disclosed in the Memorandum or in the Company's reports, schedules, forms, statements and other documents filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as the Company was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "**SEC Reports**"), neither the Company nor any Subsidiary has any known material liabilities of any kind, whether accrued, absolute or contingent, or otherwise.

(i) Since the date of the Company's most recent financial statements contained in the Memorandum, there has been no Company Group Material Adverse Effect.

(j) As of the date of the First Closing, the Company will have the authorized and outstanding capital stock (as of the date of the Memorandum) as set forth under the heading "DESCRIPTION OF THE SHARES AND CAPITAL STOCK" in the Memorandum. All outstanding shares of capital stock of the Company are duly authorized, validly issued and outstanding, fully paid and non-assessable. Except as described in the Memorandum or in the SEC Reports, as of the date of the First Closing: (i) there will be no outstanding options, stock subscription agreements, warrants or other rights permitting or requiring the Company or others to purchase or acquire any shares of capital stock or other equity securities of the Company or to pay any dividend or make any other distribution in respect thereof; (ii) there will be no securities issued or outstanding which are convertible into or exchangeable for any of the foregoing and there are no contracts, commitments or understandings, whether or not in writing, to issue or grant any such option, warrant, right or convertible or exchangeable security; (iii) no shares of stock or other securities of the Company are reserved for issuance for any purpose; (iv) there will be no voting trusts or other contracts, commitments, understandings, arrangements or restrictions of any kind with respect to the ownership, voting or transfer of shares of stock or other securities of Company, including, without limitation, any preemptive rights, rights of first refusal, proxies or similar rights, and (v) no person holds a right to require Company to register any securities of Company under the Act or to participate in any such registration.

(k) The Certificate of Designation on the Series A Preferred Stock, the proposed form of which is attached to the Memorandum as Exhibit C (the "**Certificate of Designation**"), has been duly authorized by the Company and will have been duly executed and delivered by the Company and duly filed with the Secretary of State of the State of Delaware before the First Closing. The holders of the Series A Preferred Stock will have the rights set forth in the Certificate of Designation upon filing of the Certificate of Designation with the Secretary of State of the State of Delaware.

(l) The conduct of business by members of the Company Group as presently and proposed to be conducted is not subject to continuing oversight, supervision, regulation or examination by any governmental official or body of the United States, or any other jurisdiction wherein any such members currently conduct such business, except as described in the Memorandum. Neither the Company, nor any other member of the Company Group has received any notice of any violation of, or noncompliance with, any Law applicable to its business, the violation of, or noncompliance with, which would have or would reasonably be expected to have a Company Group Material Adverse Effect, and the Company knows of no facts or set of circumstances which could give rise to such a notice.

(m) Each member of the Company Group has all franchises, permits, authorizations, licenses, and any similar authority necessary for the conduct of its business as described in the Memorandum, except as would not, individually or in the aggregate, reasonably be expected to have a Company Group Material Adverse Effect. Except as disclosed in the Memorandum or the SEC Reports, no member of the Company Group has received written notice of (i) any pending proceedings which could reasonably be expected to result in the revocation, cancellation, suspension of any adverse modification of any such franchises, permits, authorizations, licenses or other similar authority or (ii) any default under any of such franchises, permits, licenses, authorizations or other similar authority, except as would not, individually or in the aggregate, reasonably be expected to have an Company Group Material Adverse Effect.

(n) Except as disclosed in the Memorandum or in the SEC Reports, no breach or default by any member of the Company Group or, to the Company's Knowledge, any other party, exists in the due performance under any of the terms of any note, bond, indenture, mortgage, deed of trust, lease, rental agreement, material contract, material purchase or sales order or other material agreement or instrument to which any member of the Company Group is a party or by which it or its property is bound or affected (each of the foregoing, a "**Material Contract**"), and there exists no condition, event or act which constitutes, nor which after notice, the lapse of time or both, could constitute a default under any of the foregoing, except as would not, individually or in the aggregate, has had or is reasonably be expected to have an Company Group Material Adverse Effect. The Material Contracts disclosed in the Memorandum are accurately described in the Memorandum and are in full force and effect in accordance with their respective terms, subject to any applicable bankruptcy, insolvency or other laws affecting the rights of creditors generally and to general equitable principles and the availability of specific performance.

(o) The members of the Company Group collectively, solely and exclusively own all right, title and interest in, or possesses enforceable rights to use, all patents, patent applications, trademarks, service marks, copyrights, rights, licenses, franchises, trade secrets, confidential information, processes and formulations necessary for the conduct of its business as now conducted (collectively, the "**Intangibles**"), except where the failure to own or possess such rights would not, individually or in the aggregate, would reasonably be expected to have a Company Group Material Adverse Effect. To the Company's Knowledge, no member of the Company Group has infringed upon the rights of others with respect to the Intangibles and, except as disclosed in the Memorandum, no member of the Company Group has received any notice that such member has or may have infringed or is infringing upon the rights of others with respect to the Intangibles, nor has such member received any written notice of conflict with the asserted rights of others with respect to the Intangibles. To the Company's Knowledge, all such Intangibles are enforceable and no others have infringed upon the rights of any members of the Company Group with respect to the Intangibles. None of the Company Group's Intangibles have expired or terminated, or are expected to expire or terminate, within three years from the date of this Agreement. All current and former officers, employees, consultants and independent contractors of each member of the Company Group having access to proprietary information of a member of the Company Group, its customers or business partners and inventions owned by any member of the Company Group have executed and delivered to the applicable member of the Company Group an agreement regarding the protection of such proprietary information. The Company Group has secured, by valid written assignments from all of Company Group's current and former consultants, independent contractors and employees who were involved in, or who contributed to, the creation or development of any Intangibles, unencumbered and unrestricted exclusive ownership of each such third party's Intangibles in their respective contributions, except where the failure to do so would not individually or in the aggregate, reasonably be expected to have a Company Group Material Adverse Effect. No current or former employee, officer, director, consultant or independent contractor of any member of the Company Group has any right, license, claim or interest whatsoever in or with respect to any Intangibles.

(p) Except as set forth in the Memorandum or the SEC Reports, no member of the Company Group is a party to any collective bargaining agreement nor does it employ any member of a union. No executive officer of any member of the Company Group has provided written notice that such officer intends to leave the Company Group or otherwise terminate such officer's employment with the Company Group. No executive officer of any member of the Company Group, to the Company's Knowledge, is in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant, and the continued employment of each such executive officer does not subject the Company Group to any material liability with respect to any of the foregoing matters. Each member of the Company Group is in compliance with all federal, state, local and foreign laws and regulations respecting labor, employment and employment practices and benefits, terms and conditions of employment and wages and hours, except where failure to be in compliance would not, either individually or in the aggregate, reasonably be expected to result in a Company Group Material Adverse Effect. No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the Company's Knowledge, is threatened, and the Company has no knowledge of any existing or imminent labor dispute by the employees of any of its principal suppliers, manufacturers, customers or contractors.

(q) Except (i) as set forth in the Memorandum, (ii) may be required under state securities or Blue Sky laws, (iii) as may be required under the Securities Act, the rules and regulations of the Commission under the Securities Act (the "**Securities Act Regulations**"), Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"), the rules and regulations of the SEC under the Exchange Act (the "**Exchange Act Regulations**"), the rules of Nasdaq (the "**Exchange**") or (iv) will have been obtained or made on or prior to the First Closing, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with any court or governmental authority or other Person on the part of any member of the Company Group is required in connection with the issuance or sale of the Shares or the consummation of the transactions contemplated herein or in the other Transaction Documents.

(r) Subsequent to the respective dates as of which information is given in the Memorandum, each of the members of the Company Group has operated their respective businesses in the ordinary course and, except as may otherwise be set forth in the Memorandum or in the SEC Reports, there has been no: (i) Company Group Material Adverse Effect; (ii) transaction otherwise than in the ordinary course of business consistent with past practice; (iii) issuance of any securities (debt or equity) or any rights to acquire any such securities other than pursuant to equity incentive plans approved by its board of directors; (iv) damage, loss or destruction, whether or not covered by insurance, with respect to any asset or property of any members of the Company Group or (v) agreement to permit any of the foregoing.

(s) Except as set forth in the Memorandum or the SEC Reports, there are no actions, suits, claims, hearings or proceedings pending before any court or governmental authority or, to the Company's Knowledge, threatened, against any members of the Company Group, or involving its assets or any of its officers or directors (in their capacity as such) which, if determined adversely to such member of the Company Group or such officer or director, could reasonably be expected to have a Company Group Material Adverse Effect. No member of the Company Group is a party or subject to the provisions of any material order, writ, injunction, judgment or decree of any governmental authority that has not been satisfied in full or otherwise discharged.

(t) No member of the Company Group is: (i) in violation of its charter documents, (ii) in violation of any statute, rule or regulation applicable to such member, the violation of which would have or would reasonably be expected to have a Company Group Material Adverse Effect; or (iii) in violation of any judgment, decree or order of any court or governmental body having jurisdiction over such member of the Company Group, which violation or violations individually, or in the aggregate, could reasonably be expected to have a Company Group Material Adverse Effect.

(u) Except as disclosed in the Memorandum, none of the shareholders of the Company, or any director, officer or manager of the Company or any Subsidiary (i) owns, directly or indirectly, any interest in any Person which is a competitor, supplier or customer of any member of the Company Group (unless such person is a publicly traded company), (ii) owns, directly or indirectly, in whole or in part, any property, asset or right, real, personal or mixed, tangible or intangible (including any of the Intangibles) which is utilized by or in connection with the business of any member of the Company Group, (iii) is a customer of, or supplier to, any member of the Company Group or (iv) directly or indirectly has an interest in or is a party to any Material Contract pertaining or relating to any member of the Company Group. In addition, no shareholder of the Company, director, officer or employee of the Company or any Shareholder, nor, to the Company's Knowledge, any affiliate of any such person is presently, directly or indirectly through his/her affiliation with any other person or entity, a party to any loan from any member of the Company Group.

(v) Each of the Company and the Subsidiaries has filed, on a timely basis, each federal, state, local and foreign tax return, report and declarations that were required to be filed, or has requested an extension therefor and has paid all taxes and all related assessments, charges, penalties and interest to the extent that the same have become due. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. Neither the Company nor any Subsidiary has executed any waiver with respect to the statute of limitations relating to the assessment or collection of any foreign, federal, state or local tax. To the Company's Knowledge, none of the Company Group's tax returns is presently being audited by any taxing authority. No liens have been filed and no claims are being asserted by or against any member of the Company Group with respect to any taxes (other than liens for taxes not yet due and payable). The Company has received no notice of assessment or proposed assessment of any taxes claimed to be owed by it or any other Person on its behalf. Neither the Company nor any Subsidiary is a party to any tax sharing or tax indemnity agreement or any other agreement of a similar nature that remains in effect. The Company and the Subsidiaries have complied in all material respects with all applicable legal requirements relating to the payment and withholding of taxes and, within the time and in the manner prescribed by law, has withheld from wages, fees and other payments and paid over to the proper governmental or regulatory authorities all amounts required.

(w) Except as otherwise disclosed in the Memorandum or the SEC Reports, (i) each member of the Company Group has at all times conducted and currently conducts its business in compliance, in all material respects, with all Environmental Laws (as defined below), including having and complying with all environmental permits, licenses and other approvals and authorizations necessary for the operation of its business as presently conducted, (ii) no member of the Company Group has received any communication from any arbitrator, court, governmental body, regulatory body, administrative agency or other authority, body or agency having jurisdiction over the Company, any of its Subsidiaries or any of their respective properties, assets or operations (each, a "**Governmental Entity**") or any other Person alleging that it may be or was in violation of, or liable under, any Environmental Law, and (iii) there is no claim pending, or to the Company's Knowledge, threatened, against the Company or any member of the Company Group arising under any Environmental Law. For purposes hereof, "**Environmental Law**" means any applicable Federal, state, local or foreign laws, relating to (a) the protection, preservation or restoration of the environment (including, air, water vapor, surface water, groundwater, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource) or (b) the exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of, Hazardous Substances, in each case as amended and as in effect on the date hereof. "**Hazardous Substance**" means any substance listed, defined, designated or classified as hazardous, toxic, radioactive, or dangerous, or otherwise regulated, under any Environmental Law. Hazardous Substance includes any substance for which exposure is regulated by any Governmental Entity or any Environmental Law including, but not limited to, any toxic waste, pollutant, contaminant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or any derivative or by-product thereof, radon, radioactive material, asbestos, or asbestos containing material, urea formaldehyde foam insulation, lead or polychlorinated biphenyls.

(x) Except as disclosed in the Memorandum or the SEC Reports, neither the Company nor any Subsidiary owns any real property. Each of the Company and the Subsidiaries has good and marketable title to all personal property and assets reflected as owned by it in the financial statements referred to in Section 2(h) above and which are material to the business of the Company or such Subsidiary, in each case free and clear of any security interests, mortgages, liens, encumbrances, claims and other defects, except such as do not materially and adversely affect the value of such property and do not materially interfere with the use made or proposed to be made of such property. The real property, improvements, equipment and personal property held under lease by each of the Company and the Subsidiaries are held under valid and enforceable leases, with such exceptions as are not material, and do not materially interfere with the use made or proposed to be made of such real property, improvements, equipment or personal property. With respect to the property and assets leased, each member of the Company Group is in compliance with such leases.

(y) Each member of the Company Group and any "employee benefit plan" (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, "**ERISA**")) established or maintained by the Company, the Subsidiaries or their "ERISA Affiliates" (as defined below) are in compliance in all material respects with ERISA. "**ERISA Affiliate**" means, with respect to the Company or a Subsidiary, any member of any group of organizations described in Sections 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the "**Code**") of which the Company or such Subsidiary is a member. Each "employee benefit plan" established or maintained by the Company, its Subsidiaries or any of their ERISA Affiliates that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or failure to act, which would cause the loss of such qualification.

(z) Neither the Company, any Subsidiary, nor, to the Company's Knowledge, any director, officer, agent, employee or other Person acting on behalf of any of such entities has, in the course of its actions for, or on behalf of, the Company or any Subsidiary has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "**FCPA**"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA and the Company, its Subsidiaries and, to the Company's Knowledge, its and their respective affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(aa) The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "**Money Laundering Laws**"); and no action, suit or proceeding by or before any Governmental Entity involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(bb) Neither the Company, any of its Subsidiaries nor, to the Company's Knowledge, its or their respective directors, officers, agents, employees or affiliates are currently the subject of sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority applicable to the Company and its Subsidiaries (collectively, "**Sanctions**"), nor is the Company or any of its Subsidiaries located, organized or resident in a country or territory that is the subject of Sanctions; and the Company does not intend to, directly or indirectly, use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any subsidiaries, joint venture partners or other Person, to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, purchaser or otherwise) of Sanctions.

(cc) Except as disclosed to the Placement Agent in writing, no member of the Company Group is obligated to pay, and has not obligated the Placement Agent to pay, a finder's or origination fee in connection with the Offering (other than to the Placement Agent), and the Company hereby agrees to indemnify the Placement Agent from any such claim made by any other person, as more fully set forth in Section 8 hereof. Except as disclosed to the Placement Agent, the Company has not offered for sale or solicited offers to purchase the Shares except for negotiations with the Placement Agent.

(dd) Except as described in the Memorandum or the SEC Reports, the Company maintains an effective system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Exchange Act) that complies with the requirements of the Exchange Act and that has been designed to ensure that information required to be disclosed by the Company in reports t*h*at it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

(ee) Except as described in the Memorandum or the SEC Reports, the Company maintains effective internal control over financial reporting (as defined under Rule 13a-15 and 15d-15 of the Exchange Act Regulations) and a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences Except as described in the Memorandum or the SEC Reports, since the end of the Company's most recent audited fiscal year, there has been (1) no material weakness in the Company's internal control over financial reporting (whether or not remediated) and (2) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(ff) Each of the Company and the Subsidiaries is insured by recognized, financially sound and reputable institutions with policies in such amounts and with such deductibles and covering such risks as are prudent and customary in the business in which it is engaged, including directors and officers liability.

(gg) The Company's Common Stock is registered pursuant to Section 12(b) or 12(g) of the Exchange Act and is listed on the Exchange; the Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or delisting the Common Stock from the Exchange; except as set forth in the Memorandum or the SEC Reports, the Company has not received any notice that it is out of compliance with the listing or maintenance requirements of the Exchange and the Company is, and will continue to be, in material compliance with all such listing and maintenance requirements; and the Company has not received any notification that the SEC or the Exchange is contemplating terminating the registration of the Common Stock under the Exchange Act or delisting the Common Stock from the Exchange.

(hh) The Company, as well as all Company Related Persons (as defined below) are not subject to any of the disqualifications set forth in Rule 506(d) of Regulation D (each a "**Disqualification Event**"). The Company has exercised reasonable care to determine whether any Company Related Person is subject to a Disqualification Event. The Memorandum contains a true and complete description of the matters required to be disclosed with respect to the Company and the Company Related Persons pursuant to the disclosure requirements of Rule 506(e) of Regulation D, to the extent applicable. As used herein, "**Company Related Persons**" means any predecessor of the Company, any affiliated Company, any director, executive officer, other officer of the Company participating in the Offering, any general partner or managing member of the Company, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, and any "promoter" (as defined in Rule 405 under the Act) connected with the Company in any capacity. The Company agrees to promptly notify the Placement Agent in writing of (i) any Disqualification Event relating to any Company Related Person and (ii) any event that would, with the passage of time, become a Disqualification Event relating to any Company Related Person.

(ii) No representation or warranty by the Company contained in Section 2 of this Agreement and no statement by the Company contained in the Schedule of Exceptions to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in the light of the circumstances in which they are made, not misleading.

(jj) Until the earlier of (i) the Termination Date and (ii) the Final Closing, the Company will not issue any press release, grant any interview, or otherwise communicate with the media in any manner whatsoever with respect to the Offering without the Placement Agent's prior consent, which consent will not unreasonably be withheld, delayed or conditioned.

2A. Representations, Warranties and Covenants of Placement Agent. The Placement Agent represents and warrants to Company that the following representations and warranties are true and correct as of the date of this Agreement:

(a) Aegis is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and has all requisite corporate power and authority to enter into this Agreement and to carry out and perform its obligations under the terms of this Agreement.

(b) This Agreement has been duly authorized, executed and delivered by the Placement Agent, and upon due execution and delivery by the Company, this Agreement will be a valid and binding agreement of the Placement Agent enforceable against it in accordance with its terms, except as may be limited by principles of public policy and, as to enforceability, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditor's rights from time to time in effect and subject to general equity principles.

(c) The Placement Agent is a member in good standing of FINRA and is registered as a broker-dealer under the Exchange Act, and under the securities acts of each state into which it is making offers or sales of the Shares. The Placement Agent is in compliance with all applicable rules and regulations of the SEC and FINRA, except to the extent that such noncompliance would not have a material adverse effect on the transactions contemplated hereby. None of the Placement Agent or its affiliates, or any person acting on behalf of the foregoing (other than Company or its affiliates or any person acting on its or their behalf, in respect of which no representation is made) has taken nor will it take any action that conflicts with the conditions and requirements of, or that would make unavailable with respect to the Offering, the exemption(s) from registration available pursuant to Rule 506 of Regulation D or Section 4(a)(2) of the Act, or knows of any reason why any such exemption would be otherwise unavailable to it.

(d) None of the execution and delivery of or performance by the Placement Agent under this Agreement or any other agreement or document entered into by the Placement Agent in connection herewith or the consummation of the transactions herein or therein contemplated conflicts with or violates, any agreement or other instrument to which the Placement Agent is a party or by which its assets may be bound, or any term of its certificate of incorporation or by-laws, or any license, permit, judgment, decree, order, statute, rule or regulation applicable to Placement Agent or any of its assets, except in each case as would not have a material adverse effect on the transactions contemplated hereby.

(e) Neither Placement Agent nor any Placement Agent Related Persons (as defined below) are subject to any Disqualification Event. Placement Agent has exercised reasonable care to determine whether any Placement Agent Related Person is subject to a Disqualification Event. The Memorandum contains a true and complete description of the matters required to be disclosed with respect to Placement Agent and Placement Agent Related Persons pursuant to the disclosure requirements of Rule 506(e) of Regulation D, to the extent applicable. As used herein, "**Placement Agent Related Persons**" means any director, general partner, managing member, executive officer, or other officer of Placement Agent participating in the Offering. Placement Agent agrees to promptly notify the Company in writing of (i) any Disqualification Event relating to any Placement Agent Related Person and (ii) any event that would, with the passage of time, become a Disqualification Event relating to any Placement Agent Related Person.

3. Placement Agent Compensation.

(a) In connection with the Offering, the Company will pay at each Closing (as defined in Section 4(e) below) a cash fee (the "**Agent Cash Fee**") to the Placement Agent equal to 10% of the gross proceeds from the sale of the Shares consummated at such Closing, *provided*, *however*, that the Agent Cash Fee shall be ultimately reduced to 5% with respect to sales of Shares that are initiated through the efforts of finders introduced by the Company located outside of the United States ("**Foreign Finders**" and sales facilitated through such efforts, hereinafter, "**Foreign Finder Related Sales**"). In that regard, the Company will notify the Placement Agent of any Foreign Finders that wish to participate in the Offering and shall use its best efforts to have such Foreign Finders execute Referral Agreements with the Placement Agent governing, among other things, compensation matters, with Foreign Finder Related Sales being deposited in the Escrow Account (as defined below). To the extent that any potential Foreign Finder does not execute a Referral Agreement with the Placement Agent, alternative arrangements with respect to participation in the Offering in compliance with all applicable laws will be discussed by the parties hereto, but in all events, except as otherwise agreed to by the Placement Agent, the Placement Agent shall be entitled to an Agent Cash Fee of not less than 5% on Foreign Finder Related Sales.

(b) As additional compensation, at or within ten (10) business days following the Final Closing, the Company will issue to the Placement Agent (or its designee(s)) for nominal consideration, a five-year warrants (the "**Agent Warrants**") to purchase such number of shares of the Company's common stock as is equal to 14.5% of the shares of common stock initially issuable upon conversion of the Shares sold in this Offering (inclusive of Foreign Finder Related Sales) at an exercise price equal to the Conversion Price of the Shares (the Agent Cash Fee and Agent Warrants are sometimes referred to herein collectively as "**Agent Compensation**"). The Agent Warrants will be exercisable on a "cashless" basis and for the five year period following issuance. The Agent Warrants will be in such authorized denominations and will be registered in such names as the Placement Agent shall request in an instruction letter (the "**Agent Warrant Instruction Letter**") to be delivered to the Company promptly following the Final Closing and the Company shall deliver such Agent Warrants to the Placement Agent within ten (10) business days following the delivery of the Agent Warrant Instruction Letter.

(c) At each Closing, the Company will pay Aegis a non-accountable expense allowance equal to 3% of the aggregate purchase price of the Shares sold at such Closing (inclusive of Foreign Finder Related Sales) (the **"Agent Expense Allowance**"). The Agent Expense Allowance payable at the First Closing shall be reduced by the $25,000 advance paid to Aegis previously. The Placement Agent will not bear any of Company's legal, accounting, printing or other expenses in connection with any transaction contemplated hereby. Aegis will pay for its own expenses, including all of its legal fees and expenses, from the Agent Expense Allowance.

(d) The Company shall also pay and issue to the Placement Agent the Agent Compensation calculated according to the percentages set forth in Sections 3(a) and (b) of this Agreement, if any person or entity contacted by the Placement Agent and provided with a Memorandum during the Offering Period and with whom the Placement Agent has discussions regarding a potential investment in the Offering, invests in the Company (other than through open or public market purchases or securities purchased in any underwritten public offering) and irrespective of whether such potential investor purchased Shares in the Offering (the "**Tail Investors**") at any time prior to the earlier of the date that is twelve (12) months after the Termination Date or the Final Closing ("**Tail Period**"), whichever is applicable. The names of Tail Investors shall be provided in writing by the Placement Agent to the Company upon written request following the Termination Date or the Final Closing, as the case may be (the "**Tail Investor List**"). The Company acknowledges and agrees that the Tail Investor List is proprietary to the Placement Agent, shall be maintained in strict confidence by the Company and those persons/entities on such list shall not be contacted by the Company without the Placement Agent's prior written consent; *provided*, *however*, that such restrictions shall not apply to ordinary course shareholder communications by the Company to its shareholders, including those Tail Investors that are shareholders of the Company. In the event the Placement Agent exercises its right of first refusal with respect to an offering pursuant to the provisions of Section 3(e) below, the specific compensation terms to the Placement Agent that are negotiated in such offering shall govern and the provisions of this Section 3(d) will not be operative with respect to such offering.

(e) Effective upon the First Closing, the Company hereby grants to Aegis, for a period of twelve (12) months following the Final Closing (the "**ROFR Term**"), the irrevocable preferential right of first refusal to act as lead or co-placement agent for any proposed private placement of the Company's securities (equity or debt) that is proposed to be consummated to investors in the United States with the assistance of a registered broker dealer. In that regard, it is understood that if the Company determines to pursue such a financing during the ROFR Term and wishes to engage a placement agent to assist in connection with such offering, the Company shall promptly provide the Placement Agent with a written notice of such intention and statement of terms (the "**Notice**"). If, within ten (10) business days of the receipt of the Notice, the Placement Agent does not accept in writing such offer to act as lead or co-placement agent with respect to such offering upon the terms proposed, then the Company shall be entitled to engage a placement agent other than Aegis; provided that the terms of the compensation to be paid to such other placement agent or underwriter are not materially less favorable to the Company than the terms included in the Notice. The Placement Agent's failure to exercise these preferential rights in any situation shall not affect its preferential rights to any subsequent offering during the ROFR Term. The Company represents and warrants that no other person has any right to participate in any offer, sale or distribution of the Company's securities to which Aegis' preferential rights shall apply.

(f) Effective upon the sale of at least $10,000,000 in the Offering, at the Placement Agent's option, the Company agrees that it shall take, and shall cause its board of directors (the "**Board of Directors**") to take, all action within its powers to nominate (i) one (1) representative designated by the Placement Agent (the "**PA Director**") as a member of the Board of Directors of the Company. In this regard, the Company shall give the PA Director copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors; provided, however, that the PA Director shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided. In addition, as a Board of Directors designee, the PA Director shall be entitled to receive reimbursement for all reasonable costs incurred in attending such meetings, including but not limited to, meals, lodging and transportation. The PA Director shall be entitled to (i) the same indemnification protections afforded to other directors of the Company, including the Company's maintenance of an insurance policy providing liability insurance for directors and officers of the Company, (ii) cash compensation commensurate to what is provided to other board members of the Company and (iii) equity compensation in amounts to be determined based on the pool that is made available to non-employee directors of the Company. Further, the Placement Agent agrees that it will not propose any individual as the PA Director whose background does not comply with or would disqualify the Company from complying with (i) applicable securities laws, (ii) contractual obligations to and rules of the Exchange and (iii) the criteria for directors set forth in the then current charter of the Company's Nominating Committee, and will not disqualify the Company from being able to conduct any public offering or private placement pursuant to either Rule 506 (b) or (c) and any "bad boy" provisions of any state securities laws. This provision shall terminate three (3) years from the date the PA is initially nominated to the Board of Directors.

4. Subscription and Closing Procedures.

(a) The Company shall cause to be delivered to the Placement Agent copies of the Memorandum, consents to the use of such copies for the purposes permitted by the Act and applicable securities laws and in accordance with the terms and conditions of this Agreement, and hereby authorizes Placement Agent and its agents and employees to use the Memorandum in connection with the offering of the Shares until the earlier of (i) the Termination Date or (ii) the Final Closing. No person or entity is or will be authorized to give any information or make any representations other than those contained in the Memorandum or to use any offering materials other than those contained in the Memorandum in connection with the sale of the Shares.

(b) During the Offering Period, the Company shall make available to the Placement Agent and its representatives such information as may be reasonably requested in making a reasonable investigation of the Company Group and their respective affairs and shall provide access to such employees during normal business hours as shall be reasonably requested by the Placement Agent.

(c) Each prospective purchaser will be required to complete and execute an original signature pages to the Subscription Agreement (the "**Subscription Documents**"), which will be forwarded or delivered to the Placement Agent at the Placement Agent's offices at the address set forth in Section 12 hereof, together with the subscriber's wire transfer in the full amount of the purchase price for the number of Shares desired to be purchased, subject to the Escrow Agent's (as defined below) right to accept a check in lieu of a wire transfer.

(d) All funds for subscriptions received by the Placement Agent from the Offering (not otherwise wired directly to the Escrow Agent) will be promptly forwarded by the Placement Agent and deposited into a non-interest bearing escrow account (the "**Escrow Account**") established for such purpose with Signature Bank, New York, New York (the "**Escrow Agent**"). All such funds for subscriptions will be held in the Escrow Account pursuant to the terms of an escrow agreement among the Company, the Placement Agent and the Escrow Agent (the "**Escrow Agreement**"). The Company will pay all fees related to the establishment and maintenance of the Escrow Account and comply with procedures required by the Escrow Agent. The Company will either accept or reject, for any or no reason, the Subscription Documents in a timely fashion and at each Closing, the Company will countersign the Subscription Documents and provide duplicate copies of such documents to the Placement Agent for distribution to the subscribers. The Placement Agent, on the Company's behalf, will promptly return to subscribers incomplete, improperly completed, improperly executed and rejected subscriptions.

(e) If subscriptions for at least the Minimum Offering Amount have been accepted prior to the Termination Date, the funds therefor have been collected by the Escrow Agent and all of the conditions set forth elsewhere in this Agreement are fulfilled, the First Closing shall be held promptly with respect to Shares sold. Thereafter remaining Shares will continue to be offered and sold until the Termination Date and additional closings (each a "**Closing**") may from time to time be conducted at times mutually agreed to by the Placement Agent and the Company with respect to additional Shares sold, with the final closing ("**Final Closing**") to occur within ten (10) days after the earlier of the Termination Date and the date on which the all Shares has been fully subscribed for. Delivery of payment for the accepted subscriptions for Shares from funds held in the Escrow Account will be made at each Closing against delivery of the Shares by the Company. The Shares will be issued to the investors in the Offering in book entry format at each Closing.

(f) If Subscription Documents for at least the Minimum Offering Amount have not been received and accepted by the Company on or before the Termination Date for any reason, the Offering will be terminated, no Shares will be sold, and pursuant to the terms of the Escrow Agreement, the Escrow Agent will, at the Company's and the Placement Agent's written direction, cause all monies received from subscribers for the Shares to be promptly returned to such subscribers without interest, penalty, expense or deduction and the Placement Agent and Company will promptly cooperate to accomplish the foregoing, including providing Escrow Agent with any requested written instructions in such regard.

5. Further Covenants. The Company hereby covenants and agrees that:

(a) Except upon prior written notice to the Placement Agent, the Company shall not, at any time prior to the Final Closing, knowingly take any action which would cause any of the representations and warranties made by it in this Agreement not to be complete and correct in all material respects on and as of each Closing Date with the same force and effect as if such representations and warranties had been made on and as of each such date (except to the extent any representation or warranty relates to an earlier date).

(b) If, at any time prior to the Final Closing, any event shall occur that causes a Company Material Adverse Effect or otherwise which as a result it becomes necessary to amend or supplement the Memorandum so that the representations and warranties herein remain true and correct in all material respects, or in case it shall be necessary to amend or supplement the Memorandum to comply with Regulation D or any other applicable securities laws or regulations, the Company will promptly notify the Placement Agent and shall, at its sole cost, prepare and furnish to the Placement Agent copies of appropriate amendments and/or supplements in such quantities as the Placement Agent may reasonably request for delivery by the Placement Agent to potential subscribers. The Company will not at any time before the Final Closing prepare or use any amendment or supplement to the Memorandum of which the Placement Agent will not previously have been advised and furnished with a copy, or which is not in compliance in all material respects with the Act and other applicable securities laws. As soon as the Company is advised thereof, the Company will advise the Placement Agent and its counsel, and confirm the advice in writing, of any order preventing or suspending the use of the Memorandum, or the suspension of any exemption for such qualification or registration thereof for offering in any jurisdiction, or of the institution or threatened institution of any proceedings for any of such purposes, and the Company will use its reasonable best efforts to prevent the issuance of any such order and, if issued, to obtain as soon as reasonably possible the lifting thereof.

(c) The Company shall comply with the Act, the Exchange Act and the rules and regulations thereunder, all applicable state securities laws and the rules and regulations thereunder in the states in which the Company's blue sky counsel has advised the Placement Agent that the Shares are qualified or registered for sale or exempt from such qualification or registration, so as to permit the continuance of the sales of the Shares, and will file or cause to be filed with the SEC, and shall promptly thereafter forward or cause to be forwarded to the Placement Agent, any and all reports on Form D as are required.

(d) The Company shall use its best efforts to qualify the Shares for sale under the securities laws of such jurisdictions in the United States as may be mutually agreed to by the Company and the Placement Agent, and Company will make or cause to be made such applications and furnish information as may be required for such purposes, provided that Company will not be required to qualify as a foreign corporation in any jurisdiction or execute a general consent to service of process. The Company will, from time to time, prepare and file such statements and reports as are or may be required to continue such qualifications in effect for so long a period as the Placement Agent may reasonably request with respect to the Offering.

(e) The Company shall place a legend on the certificates representing the Shares and the Agent Warrants that the securities evidenced thereby have not been registered under the Act or applicable state securities laws, setting forth or referring to the applicable restrictions on transferability and sale of such securities under the Act and applicable state laws.

(f) The Company shall apply the net proceeds from the sale of the Shares for the purposes substantially as described in the Memorandum. Except as set forth in the Memorandum, the Company shall not use any of the net proceeds of the Offering to repay indebtedness to officers (other than accrued salaries incurred in the ordinary course of business), directors or shareholders of the Company without the prior written consent of the Placement Agent.

(g) During the Offering Period, the Company shall afford each prospective purchaser of Shares the opportunity to ask questions of and receive answers from an officer of the Company concerning the terms and conditions of the Offering and the opportunity to obtain such other additional information necessary to verify the accuracy of the Memorandum to the extent the Company possesses such information or can acquire it without unreasonable expense. In addition, to the extent that any purchaser of Shares has inquiries concerning any of the business or operations of any member of the Company Group, the Company shall use reasonable best efforts to ensure that officers of such members are made available to respond to such inquiries.

(h) Except upon obtaining the prior written consent of Aegis, which consent shall not be unreasonably withheld, the Company shall not, at any time prior to the earlier of the Final Closing or the Termination Date, except as contemplated by the Memorandum (i) engage in or commit to engage in any transaction outside the ordinary course of business, (ii) issue, agree to issue or set aside for issuance any securities (debt or equity) or any rights to acquire any such securities; ***provided***, that the Company shall be permitted to issue stock options and/or restricted stock to officers, advisors, directors and employees of the Company pursuant to its existing equity incentive plan as described in the SEC Reports, (ii) incur, outside of the ordinary course of business, any material indebtedness, (iii) dispose of any material assets, (iv) make any acquisition (except to the extent specifically referenced in the Memorandum) or (v) change its business or operations.

(i) The Company shall pay all reasonable expenses incurred in connection with the preparation and printing of all necessary offering documents and instruments related to the Offering and the issuance of the Shares and the Agent Warrants and will also pay its own expenses for accounting fees, legal fees and other costs involved with the Offering. All blue sky filings related to this Offering shall be prepared by the Company's counsel, at the Company's expense, with copies of all filings to be promptly forwarded to the Placement Agent. Further, as promptly as practicable after the Final Closing, the Company shall prepare, at its own expense, velobound "closing binders" relating to the Offering and will distribute one such binder to each of the Placement Agent and its counsel.

(j) Until the earlier of the Termination Date or the Final Closing, the Company will not, nor will any person or entity acting on Company's behalf, negotiate with any other placement agent or underwriter with respect to a private or public offering of such entity's debt or equity securities. Neither the Company nor anyone acting on the Company's behalf will, until the earlier of the Termination Date or the Final Closing, without the prior written consent of the Placement Agent, offer for sale to, or solicit offers to subscribe for any securities of the Company from, or otherwise approach or negotiate in respect thereof with, any other person.

5A. Placement Agent Further Covenants. The Placement Agent shall not, at any time during the Offering Period, knowingly take any action which would cause any of the representations and warranties made by it in this Agreement not to be complete and correct in all material respects on and as of each Closing Date with the same force and effect as if such representations and warranties had been made on and as of each such date (except to the extent any representation or warranty relates to an earlier date). Offers and sales of the Shares by the Placement Agent will be made in accordance with this Agreement and in compliance with the provisions of Regulation D, Regulation S, if applicable, and the Securities Act.

6. Conditions of Placement Agent's Obligations. The obligations of the Placement Agent hereunder to effect a Closing are subject to the fulfillment, at or before each Closing, of the following additional conditions:

(a) Each of the representations and warranties made in this Agreement by the Company qualified as to materiality shall be true and correct at all times prior to and on each Closing Date, except to the extent any such representation or warranty expressly relates to an earlier date, in which case such representation or warranty shall be true and correct as of such earlier date, and the representations and warranties made by the Company not qualified as to materiality shall be true and correct in all material respects at all times prior to and on each Closing Date, except to the extent any such representation or warranty expressly relates to an earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date.

(b) The Company shall have performed and complied in all material respects with all agreements, covenants and conditions required to be performed and complied with by the Company at or before the Closing.

(c) The Memorandum shall not, and as of the date of any amendment or supplement thereto will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) The Company shall have obtained all consents, waivers and approvals required to be obtained by such parties in connection with the consummation of the transactions contemplated hereby.

(e) No order suspending the use of the Memorandum or enjoining the Offering or sale of the Shares shall have been issued, and no proceedings for that purpose or a similar purpose shall have been initiated or pending, or, to Company's knowledge, threatened.

(f) The Placement Agent shall have received a certificate of an officer of the Company, dated as of the date of such Closing, certifying, as to the fulfillment of the conditions set forth in subparagraphs (a), (b), (c), (d) and (e) above.

(g) Prior to the First Closing, the Company shall have delivered to the Placement Agent: (i) a certified charter document and good standing certificate for the Company and each Subsidiary, each dated as of a date within ten (10) days prior to the First Closing from the secretary of state of its jurisdiction of incorporation or formation, as applicable, and (ii) resolutions of the Company's board of directors approving this Agreement and the transactions and agreements contemplated by this Agreement, certified by the Chief Executive Officer of the Company.

(h) At each Closing, the Company shall pay and/or issue to the Placement Agent the Agent Cash Fee and Agent Expense Allowance earned in such Closing.

(i) At each Closing, the Company shall deliver to the Placement Agent a signed opinion of ZAG/Sullivan & Worcester, counsel to the Company, dated as of each such Closing Date, in the form reasonably acceptable to the Placement Agent.

(j) Prior to the First Closing, the Company shall receive stockholder approval and Nasdaq approval with respect to the reverse stock split as contemplated in the Schedule 14A filed with the SEC on September 30, 2019 and such reverse split shall be effectuated by all necessary corporate action. With respect to said reverse stock split, the Company shall consult with the Placement Agent on the specific reverse stock split ratio prior to the time said reverse stock split is effectuated.

(k) Prior to the First Closing, the Company and its counsel shall provide reasonable assurance (including forwarding to the Placement Agent all correspondence from and to Nasdaq) that based on the implementation of the reverse stock split, the Company anticipates that it will regain compliance with the minimum bid requirement mandated for continued listing of its Common Stock on the Exchange.

(l) Prior to the First Closing, the Company shall provide evidence of the filing of the Certificate of Designation on the Series A Preferred Stock with the State of Delaware.

(m) All proceedings taken at or prior to any Closing in connection with the authorization, issuance and sale of the Shares will be reasonably satisfactory in form and substance to the Placement Agent and its counsel, and such counsel shall have been furnished with all such documents and certificates as it may reasonably request upon reasonable prior notice in connection with the transactions contemplated hereby.

(n) At each Closing, the Company shall provide irrevocable instructions to its transfer agent to issue into treasury shares, and reserve for future and automatic issuance upon the requested conversion of the Shares by any holder, such number of shares of Common Stock issuable upon the conversion of the Shares sold in such Closing.

7. Conditions of Company's Obligations. The obligations of the Company hereunder to effect a Closing are subject to the fulfillment, at or before such Closing, of the following additional conditions or subject to the waiver of such condition or conditions by the Company:

(a) Each of the representations and warranties made in this Agreement by the Placement Agent qualified as to materiality shall be true and correct at all times prior to and on each Closing Date, except to the extent any such representation or warranty expressly relates to an earlier date, in which case such representation or warranty shall be true and correct as of such earlier date, and the representations and warranties made by the Placement Agent not qualified as to materiality shall be true and correct in all material respects at all times prior to and on each Closing Date, except to the extent any such representation or warranty expressly relates to an earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date.

(b) The Placement Agent shall have performed and complied in all material respects with all agreements, covenants and conditions required to be performed and complied with by it at or before the Closing.

(c) The Company shall have received a certificate of an officer of the Placement Agent, dated as of the Closing Date, certifying, as to the fulfillment of the conditions set forth in subparagraphs (a) and (b) above.

(d) No order suspending the use of the Memorandum or enjoining the Offering or sale of the Shares shall have been issued, and no proceedings for that purpose or a similar purpose shall have been initiated or pending, or, to the Company's knowledge, be contemplated or threatened.

8. Indemnification.

(a) The Company will: (i) indemnify and hold harmless the Placement Agent, its officers, directors, partners, employees, agents (including subagents and selected dealers) and each person, if any, who controls the Placement Agent within the meaning of the Section 15 of the Act or Section 20(a) of the Exchange Act (each an "**Indemnitee**") against, and pay or reimburse each Indemnitee for, any and all losses, claims, damages, liabilities or expenses whatsoever (or actions or proceedings or investigations in respect thereof), joint or several (which will, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees, including appeals), to which any Indemnitee may become subject under the Act or otherwise, in connection with the offer and sale of the Shares, insofar as such losses, claims, damages, liabilities or expenses arise out of or relate to a breach of any representation, warranty or covenant made by the Company herein, regardless of whether such losses, claims, damages, liabilities or expenses shall result from any claim by any Indemnitee or by any third party; and (ii) reimburse each Indemnitee for any legal or other expenses reasonably incurred in connection with investigating or defending against any such loss, claim, action, proceeding or investigation; *provided*, *however*, that the Company will not be liable in any such case to the extent that any such claim, damage or liability is finally judicially determined to have resulted primarily and directly from (A) an untrue statement or alleged untrue statement of a material fact made in the Memorandum, or an omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, made solely in reliance upon and in conformity with written information furnished to the Company by the Placement Agent specifically for use in the Memorandum, (B) any violations by the Placement Agent of the Act, state securities laws or any rules or regulations of FINRA, which does not result from a violation thereof by the Company or any of its affiliates, or (C) the Placement Agent's willful misconduct or gross negligence. In addition to the foregoing agreement to indemnify and reimburse, the Company will indemnify and hold harmless each Indemnitee against any and all losses, claims, damages, liabilities or expenses whatsoever (or actions or proceedings or investigations in respect thereof), joint or several (which shall, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees, including appeals) to which any Indemnitee may become subject insofar as such costs, expenses, losses, claims, damages or liabilities arise out of or are based upon the claim of any person or entity that he or it is entitled to broker's or finder's fees from any Indemnitee in connection with the Offering, other than fees due to the Placement Agent. The foregoing indemnity agreements will be in addition to any liability the Company may otherwise have.

(b) Aegis will indemnify and hold harmless the Company and its officers, directors, and each person, if any, who controls such entity within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act against, and pay or reimburse any such person for, any and all losses, claims, damages, liabilities or expenses whatsoever (or actions, proceedings or investigations in respect thereof) to which the Company or any such person may become subject under the Act or otherwise, whether such losses, claims, damages, liabilities or expenses shall result from any claim of the Company or by any third party, but only to the extent that such losses, claims, damages or liabilities are finally judicially determined to have resulted primarily from or as a result of (i) any untrue statement or alleged untrue statement of any material fact contained in the Memorandum made in reliance upon and in conformity with information contained in the Memorandum relating to the Placement Agent, or an omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, in either case, if made or omitted in reliance upon and in conformity with written information furnished to the Company by the Placement Agent, specifically for use in the Memorandum or (ii) any violations by the Placement Agent of the Act or state securities laws which does not result from a violation thereof by the Issuer, the Operating Company or any of their respective affiliates, the Placement Agent's willful misconduct or gross negligence. The Placement Agent will reimburse the Company, the Company and any such person for any legal or other expenses reasonably incurred in connection with investigating or defending against any such loss, claim, damage, liability or action, proceeding or investigation to which such indemnity obligation applies. The foregoing indemnity agreements are in addition to any liability which the Placement Agent may otherwise have. Notwithstanding the foregoing, in no event shall the Placement Agent's indemnification obligation hereunder exceed the aggregate amount of the Agent Cash Fees actually received by the Placement Agent hereunder.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, claim, proceeding or investigation (the "**Action**"), such indemnified party, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, will notify the indemnifying party of the commencement thereof, but the omission to so notify the indemnifying party will not relieve it from any liability that it may have to any indemnified party under this Section 8 unless the indemnifying party has been substantially prejudiced by such omission. The indemnifying party will be entitled to participate in and, to the extent that it may wish, jointly with any other indemnifying party, to assume the defense thereof subject to the provisions herein stated, with counsel reasonably satisfactory to such indemnified party. The indemnified party will have the right to employ separate counsel in any such Action and to participate in the defense thereof, but the fees and expenses of such counsel will not be at the expense of the indemnifying party if the indemnifying party has assumed the defense of the Action with counsel reasonably satisfactory to the indemnified party, *provided*, *however*, that if the indemnified party shall be requested by the indemnifying party to participate in the defense thereof or shall have concluded in good faith and specifically notified the indemnifying party either that there may be specific defenses available to it that are different from or additional to those available to the indemnifying party or that such Action involves or could have a material adverse effect upon it with respect to matters beyond the scope of the indemnity agreements contained in this Agreement, then the counsel representing it, to the extent made necessary by such defenses, shall have the right to direct such defenses of such Action on its behalf and in such case the reasonable fees and expenses of such counsel in connection with any such participation or defenses shall be paid by the indemnifying party. No settlement of any Action against an indemnified party will be made without the consent of the indemnifying party and the indemnified party, which consent shall not be unreasonably withheld, delayed or conditioned in light of all factors of importance to such party, and no indemnifying party shall be liable to indemnify any person for any settlement of any such claim effected without such indemnifying party's consent.

9. Contribution. To provide for just and equitable contribution, if: (i) an indemnified party makes a claim for indemnification pursuant to Section 8 hereof and it is finally determined, by a judgment, order or decree not subject to further appeal that such claims for indemnification may not be enforced, even though this Agreement expressly provides for indemnification in such case; or (ii) any indemnified or indemnifying party seeks contribution under the Act, the Exchange Act, or otherwise, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Placement Agent on the other in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Placement Agent on the other shall be deemed to be in the same proportion as the total net proceeds from the Offering (before deducting expenses) received by the Company bear to the total Agent Cash Fees received by the Placement Agent. The relative fault, in the case of an untrue statement, alleged untrue statement, omission or alleged omission will be determined by, among other things, whether such statement, alleged statement, omission or alleged omission relates to information supplied by the Company or by the Placement Agent, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement, alleged statement, omission or alleged omission. The Company and the Placement Agent agree that it would be unjust and inequitable if the respective obligations of the Company and the Placement Agent for contribution were determined by *pro rata* allocation of the aggregate losses, liabilities, claims, damages and expenses or by any other method or allocation that does not reflect the equitable considerations referred to in this Section 9. No person guilty of a fraudulent misrepresentation (within the meaning of Section 10(f) of the Act) will be entitled to contribution from any person who is not guilty of such fraudulent misrepresentation. For purposes of this Section 9, each person, if any, who controls the Placement Agent within the meaning of the Act will have the same rights to contribution as the Placement Agent, and each person, if any, who controls the Company within the meaning of the Act will have the same rights to contribution as the Company, subject in each case to the provisions of this Section 9. Anything in this Section 9 to the contrary notwithstanding, no party will be liable for contribution with respect to the settlement of any claim or action effected without its written consent. This Section 9 is intended to supersede, to the extent permitted by law, any right to contribution under the Act, the Exchange Act or otherwise available.

10. Termination.

(a) The Offering may be terminated by the Placement Agent at any time prior to the expiration of the Offering Period in the event that: (i) any of the representations, warranties or covenants of the Company contained herein or in the Memorandum shall prove to have been false or misleading in any material respect when actually made; (ii) the Company shall have failed to perform any of its material obligations hereunder or under any other Transaction Documents; (iii) there shall occur any event that could reasonably be expected to result in a Company Material Adverse Effect or (iv) the Placement Agent determines that it is reasonably likely that any of the conditions to Closing set forth herein will not, or cannot, be satisfied. In the event of any such termination by the Placement Agent pursuant to the above, the Placement Agent shall be entitled to retain any Agent Compensation already earned (if any, at such point in time) and receive from the Company, within five (5) business days of the Termination Date, in addition to other rights and remedies it may have hereunder, at law or otherwise, an amount equal the sum of upon presentation of a written accounting in reasonable detail, reimbursement of Placement Agent's reasonable and actual out-of-pocket expenses related to the Offering in excess of the foregoing retainer, including but not limited to fees and expenses of its legal counsel (not to exceed $75,000), travel expenses and due diligence related expenditures (collectively, the "**PA Expense Reimbursement**") and the provisions of Sections 3(d) and 3(e) shall survive in full force and effect.

(b) This Offering may be terminated by the Company at any time prior to the expiration of the Offering Period on account of the Placement Agent's fraud, willful misconduct or gross negligence. In the event of any such termination pursuant to this Section 10(b), the Placement Agent shall not be entitled to any further compensation pursuant to these termination provisions.

(c) In the event the Company unilaterally decides for any reason (other than pursuant to Section 10(b) above or Section 10(d) below) to terminate the Offering at any time prior to the earlier of the First Closing or the Termination Date (the "**Unilateral Termination**"), the Placement Agent shall be entitled to receive from the Company within five (5) business days of such termination the sum of $250,000 plus the PA Expense Reimbursement. In addition, if within twelve (12) months after the Unilateral Termination, the Company conducts a public or private offering of its securities, then upon the closing of any such transaction, the Company shall pay the Placement Agent in cash, within five (5) business days of the closing of any such transaction an amount equal to 2% of the gross proceeds from such private or public offering, provided that such percentage shall be the applicable percentages set forth in section 3(d) hereto with respect to any gross proceeds from Tail Investors.

(d) This Offering may be terminated upon mutual agreement of the Company and the Placement Agent, at any time prior to the expiration of the Offering Period. In addition, upon the expiration of the Offering Period, the Offering shall terminate without any further action of the parties hereto. If the Offering is terminated pursuant to this Section 10(d), then in cases in which no Closing had been theretofore consummated, the Company's sole obligation to the Placement Agent shall be the PA Expense Reimbursement which shall be paid within five (5) business days of such termination.

(e) Before any termination by the Placement Agent under Section 10(a) or by the Company under Section 10(b) shall become effective, the terminating party shall give written notice to the other party of its intention to terminate the Offering, which shall set forth the specific grounds for the proposed termination (the "**Termination Notice**"). If the specified grounds for termination, or their resulting adverse effect on the transactions contemplated hereby, are curable, then the other party shall have ten (10) days from the Termination Notice within which to remove such grounds or to eliminate all of their material adverse effects on the transactions contemplated hereby; otherwise, the Offering shall terminate.

(f) Upon any termination pursuant to this Section 10, the parties to this Agreement will promptly instruct Escrow Agent to cause all monies received with respect to the subscriptions for Shares not closed upon to be promptly returned to such subscribers without interest, penalty or deduction.

11. Survival.

(a) The obligations of the parties to pay any costs and expenses hereunder and to provide indemnification and contribution as provided herein shall survive any termination hereunder. In addition, the provisions of 8 through 16 shall survive the sale of the Shares or any termination of the Offering hereunder and the provisions of Sections 3(d) and 3(e) shall survive the sale of the Shares or any termination of the Offering (other than a termination under Section 10(b).

(b) The respective indemnities, covenants, representations, warranties and other statements of Company and the Placement Agent set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of, and regardless of any access to information by, the Company, the Company or the Placement Agent, or any of their officers or directors or any controlling person thereof, and will survive the sale of the Shares or any termination of the Offering hereunder for a period of two (2) years from the earlier to occur of the Final Closing or the termination of the Offering.

12. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered personally, or the date mailed if mailed by registered or certified mail (postage prepaid, return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like changes of address which shall be effective upon receipt) or sent by facsimile transmission, with confirmation received. If sent to the Placement Agent, such notice will be mailed, delivered or telefaxed and confirmed to Aegis Capital Corp., 810 Seventh Ave, 11th Floor, New York, New York 10019, Attention: Adam K. Stern, telefax number (646) 390-9122 , with a copy (which shall not constitute notice) to: Littman Krooks LLP, 655 Third Avenue, 20th Floor, New York, NY 10017 Attention: Steven Uslaner, Esq., telefax number (212) 490-2990, if sent to Company, such notice will be mailed, delivered or telefaxed and confirmed to DarioHealth Corp. 8 HaTokhen Street, Caesarea Industrial Park, Israel 3088900, Attn: Erez Raphael, CEO, with a copy (which shall not constitute notice) to: Zysman, Aharoni, Gayer and Sullivan & Worcester LLP, 1633 Broadway, 32nd Floor, New York, NY 10019 Attention: Oded Har-Even, Esq, telefax number (212) 660-3001.

13. Governing Law, Jurisdiction. This Agreement shall be deemed to have been made and delivered in New York City and shall be governed as to validity, interpretation, construction, affect and in all other respects by the internal laws of the State of New York. **THE PARTIES AGREE THAT ANY DISPUTE, CLAIM OR CONTROVERSY DIRECTLY OR INDIRECTLY RELATING TO OR ARISING OUT OF THIS AGREEMENT, THE TERMINATION OR VALIDITY HEREOF, ANY ALLEGED BREACH OF THIS AGREEMENT OR THE ENGAGEMENT CONTEMPLATED HEREBY (ANY OF THE FOREGOING, A "CLAIM") SHALL BE SUBMITTED TO THE JUDICIAL ARBITRATION AND MEDIATION SERVICES, INC. ("JAMS"), OR ITS SUCCESSOR, IN NEW YORK, FOR FINAL AND BINDING ARBITRATION IN FRONT OF A PANEL OF THREE ARBITRATORS WITH JAMS IN NEW YORK, NEW YORK UNDER THE JAMS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES (WITH EACH OF THE PLACEMENT AGENT AND THE COMPANY CHOOSING ONE ARBITRATOR, AND THE CHOSEN ARBITRATORS CHOOSING THE THIRD ARBITRATOR). THE ARBITRATORS SHALL, IN THEIR AWARD, ALLOCATE ALL OF THE COSTS OF THE ARBITRATION, INCLUDING THE FEES OF THE ARBITRATORS AND THE REASONABLE ATTORNEYS' FEES OF THE PREVAILING PARTY, AGAINST THE PARTY WHO DID NOT PREVAIL. THE AWARD IN THE ARBITRATION SHALL BE FINAL AND BINDING. THE ARBITRATION SHALL BE GOVERNED BY THE FEDERAL ARBITRATION ACT, 9 U.S.C. SEC. 1-16, AND THE JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATORS MAY BE ENTERED BY ANY COURT HAVING JURISDICTION THEREOF. THE COMPANY AND THE PLACEMENT AGENT AGREE AND CONSENT TO PERSONAL JURISDICTION, SERVICE OF PROCESS AND VENUE IN ANY FEDERAL OR STATE COURT WITHIN THE STATE AND COUNTY OF NEW YORK IN CONNECTION WITH ANY ACTION BROUGHT TO ENFORCE AN AWARD IN ARBITRATION.**

14. Miscellaneous. No provision of this Agreement may be changed or terminated except by a writing signed by the party or parties to be charged therewith. Unless expressly so provided, no party to this Agreement will be liable for the performance of any other party's obligations hereunder. Either party hereto may waive compliance by the other with any of the terms, provisions and conditions set forth herein; *provided*, *however*, that any such waiver shall be in writing specifically setting forth those provisions waived thereby. No such waiver shall be deemed to constitute or imply waiver of any other term, provision or condition of this Agreement. Neither party may assign its rights or obligations under this Agreement to any other person or entity without the prior written consent of the other party.

15. Entire Agreement; Severability. This Agreement together with any other agreement referred to herein supersedes all prior understandings and written or oral agreements between the parties with respect to the Offering and the subject matter hereof. If any portion of this Agreement shall be held invalid or unenforceable, then so far as is reasonable and possible (i) the remainder of this Agreement shall be considered valid and enforceable and (ii) effect shall be given to the intent manifested by the portion held invalid or unenforceable.

16. Counterparts. This Agreement may be executed in multiple counterparts, each of which may be executed by less than all of the parties and shall be deemed to be an original instrument which shall be enforceable against the parties actually executing such counterparts and all of which together shall constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for all purposes.

[Signatures on following page.]

If the foregoing is in accordance with your understanding of the agreement between the Company and the Placement Agent, kindly sign and return this Agreement, whereupon it will become a binding agreement between the Company and the Placement Agent in accordance with its terms.

DARIOHEALTH CORP.

By: /s/ Erez Raphael
Erez Raphael
Chief Executive Officer

Accepted and agreed to this
22nd day of October 2019:

AEGIS CAPITAL CORP.

By: /s/ Adam K. Stern
Adam K. Stern
Head of Private Equity Banking

SCHEDULE OF EXCEPTIONS

Schedule 2(c)

Subsidiaries

Subsidiary	**State of Organization**
LabStyle Innovation Ltd.	Israel

Exhibit 10.13

AMENDMENT NO. 1 TO

THE AMENDED AND RESTATED PERSONAL EMPLOYMENT AGREEMENT

This Amendment No. 1 to the Amended and Restated Personal Employment Agreement (the "**Amendment**") is made and entered into as of February 12, 2020 (the "**Effective Date**") by and between DarioHealth Corp. (formerly LabStyle Innovations Corp.), a company incorporated under the laws of the State of Israel (the "**Company**"), and Erez Raphael (the "**Executive**", and together with the Company, collectively, the "**Parties**").

WHEREAS, the Company and the Executive are currently parties to that certain Amended and Restated Personal Employment Agreement, entered into and effective as of July 25, 2017 (the "**Personal Employment Agreement**") pursuant to which the Executive is serving as the Company's Chief Executive Officer for a term ending December 31, 2020; and

WHEREAS, the Company and the Executive desire to amend the Personal Employment Agreement to provide for the automatic extension of the term set forth therein.

NOW THEREFORE, in consideration of the recitals and of the mutual promises, covenants and agreements of the Parties set forth herein, the Parties agree as follows:

1. Amendments. The Parties hereby agree that, effective upon the Effective Date, Schedule A of the Personal Employment Agreement shall be amended by replacing the Agreement Termination date of "*December 31, 2020*" with "*December 31, 2022*", and by replacing the Position in the Company title of "*Chairman, President and Chief Executive Officer of the Company and of the parent Company DarioHealth Corp.*" with "*Chief Executive Officer*".

2. Ratification; Effect of Amendment. Except as specifically set forth herein, the Personal Employment Agreement and all of its terms and conditions remain in full force and effect, and the Personal Employment Agreement is hereby ratified and confirmed in all respects, except that on or after the date of this Amendment all references in the Personal Employment Agreement to "this Agreement," "hereto," "hereof," "hereunder," or words of like import shall mean the Personal Employment Agreement as amended by this Amendment.

3. Further Assurances. Each Party hereto, without additional consideration, shall cooperate, shall take such further action and shall execute and deliver such further documents as may be reasonably requested by the other Party hereto in order to carry out the provisions and purposes of this Amendment.

4. Counterparts. This Amendment may be signed in counterparts with the same effect as if the signature on each counterpart were upon the same instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

5. Headings. The headings of Articles and Sections in this Amendment are provided for convenience only and will not affect its construction or interpretation.

6. Waiver. Neither any failure nor any delay by any party in exercising any right, power or privilege under this Amendment or any of the documents referred to in this Amendment will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege.

7. Severability. The invalidity or unenforceability of any provisions of this Amendment pursuant to any applicable law shall not affect the validity of the remaining provisions hereof, but this Amendment shall be construed as if not containing the provision held invalid or unenforceable in the jurisdiction in which so held, and the remaining provisions of this Amendment shall remain in full force and effect. If the Amendment may not be effectively construed as if not containing the provision held invalid or unenforceable, then the provision contained herein that is held invalid or unenforceable shall be reformed so that it meets such requirements as to make it valid or enforceable.

[Signature Page Follows]

[Signature Page to Amendment No. 1 to the Amended and Restated Personal Employment Agreement]

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

DarioHealth Corp.

/s/ Zvi Ben-David
Name: Zvi Ben-David
Title: Chief Financial Officer

Erez Raphael

/s/ Erez Raphael

[Signature Page to Amendment No. 1 to the Amended and Restated Personal Employment Agreement]

Exhibit 10.14

STOCK OPTION AGREEMENT

THIS STOCK OPTION AGREEMENT (the "**Agreement**") is made and entered into as of January 30, 2020 (the "**Grant Date**"), by and between DarioHealth Corp., a Delaware corporation (the "**Corporation**") and Richard Anderson (the "**Optionee**").

WHEREAS, the Optionee is a valued employee of the Corporation;

WHEREAS, the Corporation considers it desirable and in its best interests that Optionee be given an opportunity to acquire a proprietary option to purchase shares of Common Stock of the Corporation, par value $0.0001 per share (the "**Shares**").

NOW, THEREFORE, for good and valuable consideration, the adequacy of which is hereby acknowledged, and the mutual covenants hereinafter set forth, the parties agree as follows:

1. Definitions. The following capitalized terms have the following meanings. Other capitalized terms are defined elsewhere herein.

(a) "**Affiliate**" means (i) any person or entity that directly or indirectly controls, is controlled by or is under common control with the Corporation and/or (ii) to the extent provided by the Board, any person or entity in which the Corporation has a significant interest as determined by the Board in its discretion. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting or other securities, by contract or otherwise.

(b) "**Board**" means the Board of Directors of the Corporation.

(c) "**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City, New York are authorized or obligated by federal law or executive order to be closed.

(d) "**Cause**" means (i) conviction of, or plea of guilty or no contest to, any felony or any crime involving moral turpitude or dishonesty or the commission of any other act involving willful malfeasance or material fiduciary breach with respect to the Corporation or an Affiliate; (ii) participation in a fraud, misappropriation or embezzlement of Corporation and/or its Affiliate funds or property or act of dishonesty against the Corporation and/or its Affiliate; (iii) material violation of any rule, regulation, policy or plan for the conduct of (as the case may be) any director, officer, employee, member, manager, consultant or service provider of or to the Corporation or its Affiliates or its or their business (which, if curable, is not cured within five (5) Business Days after notice thereof is provided to the Optionee); (iv) conduct that results in or is reasonably likely to result in harm to the reputation or business of the Corporation or any of its Affiliates; (v) gross negligence or willful misconduct with respect to the Corporation or an Affiliate; (vi) material violation of U.S. state, federal or other applicable (including non-U.S.) securities laws; or (vii) material breach of Optionee's obligations under his employment agreement with the Corporation.

(e) "**Change of Control**" means: (i) an acquisition (whether directly from the Company or otherwise) of any voting securities of the Company (the "**Voting Securities**") by any "Person" (as the term person is used for purposes of Section 13(d) or 14(d) of the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**")), immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of the combined voting power of the Company's then outstanding Voting Securities; (ii) the individuals who constitute the members of the full Board cease, by reason of a financing, merger, combination, acquisition, takeover or other non-ordinary course transaction affecting the Company, to constitute at least fifty-one percent (51%) of the members of the full Board; or (iii) approval by the full Board and, if required, stockholders of the Company of, or execution by the Company of any definitive agreement with respect to, or the consummation of (it being understood that the mere execution of a term sheet, memorandum of understanding or other non-binding document shall not constitute a Change of Control): (A) a merger, consolidation or reorganization involving the Company, where either or both of the events described in clauses (i) or (ii) above would be the result; (B) a liquidation or dissolution of or appointment of a receiver, rehabilitator, conservator or similar person for, or the filing by a third party of an involuntary bankruptcy against, the Company;; or (C) an agreement for the sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a subsidiary of the Company).

(f) "**Continuous Service**" means that the Optionee's service with the Corporation or an Affiliate, whether as an employee, member of the Board or consultant, is not interrupted or terminated. The Optionee's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Optionee renders service to the Corporation or an Affiliate as an employee, consultant or member of the Board or a change in the entity for which the Optionee renders such service, *provided that* there is no interruption or termination of the Optionee's Continuous Service. For example, a change in status from an employee of the Corporation to a consultant of an Affiliate or a member of the Board will not constitute an interruption of Continuous Service. The Board or its delegate, in its sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave. relocation or any other personal or family leave of absence.

(g) "**Disability**" means that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment. The determination of whether an individual has a Disability shall be determined under procedures established by the Board. The Board may rely on any determination that the Optionee is disabled for purposes of benefits under any long-term disability plan maintained by the Corporation or any Affiliate in which the Optionee participates.

(h) "**Fair Market Value**" means, as of any date, the value of the Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange or a national market system, including without limitation, the New York Stock Exchange or the NASDAQ Stock Market, or quoted on a national exchange or other recognized securities quotation system (such as the Nasdaq Stock Market/OTC Bulletin Board/OTCQB Market), the Fair Market Value of a share of Common Stock shall be the closing sales price for such stock as quoted on such exchange, market or quotation system (or the exchange or market with the greatest volume of trading in the Common Stock) on the last market trading day prior to the day of determination (or the closing price on the date immediately preceding such date if no sales activity occurred on the day of determination), as reported by Bloomberg or such other source as the Board deems reliable, and (ii) in the absence of such markets for the Common Stock, the Fair Market Value shall be determined in good faith and in accordance with applicable law by the Board and such determination shall be conclusive and binding.

(i) "**Restricted Stock**" has the meaning ascribed to it in Section 11(c) of this Agreement.

2. Grant of Initial Option. The Corporation hereby grants to the Optionee the right and option to purchase up to an aggregate of Ninety Thousand (90,000) Shares (subject to adjustment as provided in Paragraph 6 hereof), on the terms and conditions set forth herein (hereinafter the "**Option**"). The Optionee acknowledges that the Option will not be an "incentive option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "**Code**"). This Option is **not** being issued pursuant to the Corporation's 2012 Equity Incentive Plan; provided, however, that this Option is granted as a material inducement to employment in accordance with Nasdaq Listing Rule 5635(c)(4).

3. Exercise of Options. The Option Shares shall be exercisable at a price per share of $8.41 (subject to adjustment as provided for herein) (the "**Exercise Price**").

4. Vesting of Options. One third of the Option shall vest on the first anniversary from the grant date followed by eight (8) equal installment over the two years following the first anniversary of the Grant Date, subject to acceleration as provided below. For purposes of calculating the number of shares that shall vest on each vesting date, any resulting fraction of a share shall be rounded up to the nearest full share. Subject to applicable law, the Board, in its sole discretion, shall have the power to accelerate the time at which the Option may first be exercised or the time during which the Option or any part thereof will vest.

5. Term of the Option. The Option shall expire on the six (6) year anniversary of the Grant Date, or upon its earlier termination as provided in this Agreement.

6. Method of Exercising Option. The Optionee may exercise the Option in whole or in part (to the extent that it is exercisable in accordance with its terms) by giving written notice to the Corporation in the form annexed hereto as **Exhibit A**, together with the tender of the full purchase price of the Shares covered by the Option. The purchase price may consist of (i) cash, (ii) certified or bank check payable to the order of the Corporation in the amount of the purchase price, (iii) a cashless exercise procedure, consisting of authorization from the Optionee to the Corporation to retain from the total number of Shares as to which the Option is exercised that number of Shares having a Fair Market Value (as defined below) on the date of the exercise equal to purchase price for the total number of Shares as to which the Option is exercised, (iv) other property or consideration if the Board determines beneficial to the Corporation or (v) any combination of the methods described in (i) through (iv) above.

As soon as practicable after receipt by the Corporation of such notice and of payment in full of the purchase price of all the Shares with respect to which the Option has been exercised, a certificate or certificates representing such Shares shall be issued in the name of the Optionee and shall be delivered to the Optionee. All Shares shall be issued only upon receipt by the Corporation of the Optionee's representation that the Shares are purchased for investment and not with a view toward distribution thereof.

7. Availability of Shares. The Corporation, during the term of this Agreement, shall keep available at all times the number of Shares required to satisfy the Option. The Corporation shall utilize its best efforts to comply with the requirements of each regulatory commission or agency having jurisdiction in order to issue and sell the Shares to satisfy the Option.

8. Adjustments. If prior to the exercise of any portion of the Option granted hereunder the Corporation shall have effected one or more stock splits, stock dividends, or other increases or reductions of the number of its Shares outstanding without receiving compensation therefor in money, services or property, the number of Shares subject to the Option hereby granted shall (a) if a net increase shall have been effected in the number of outstanding the Corporation's Shares, be proportionately increased and the purchase price of the Shares issuable upon exercise of the Option shall be proportionately reduced; and (b) if a net reduction shall have been effected in the number of outstanding shares of the Corporation's Common Stock, be proportionately reduced and the purchase price of the Shares issuable upon exercise of the Option shall be proportionately increased. In the event that the Corporation shall make any distribution of its assets upon or with respect to the Shares, as a liquidating dividend, the Optionee shall be entitled to receive an amount equal to the value thereof at the time of such distribution, less the aggregate purchase price for the Option.

9. Dissolution or Liquidation. In the event of a dissolution or liquidation of the Corporation, the Corporation shall immediately notify the Optionee of such dissolution or liquidation. The Corporation may provide the Optionee thirty (30) days to exercise all or a portion of any outstanding vested Options held by him at that time, and upon the expiration of such thirty (30) day period, all remaining outstanding Options shall terminate immediately. Alternatively, the Corporation may provide that all or any portion of any vested Option shall convert into the right to receive liquidation proceeds (if applicable, net of the Exercise Price and any applicable tax withholdings).

10. Change in Control.

(a) In the event of a Change in Control, then, without the consent or action required of the Optionee:

(i) Any surviving corporation or acquiring corporation or any parent or affiliate thereof, as determined by the Corporation in its discretion, shall assume or continue any Options outstanding under this Agreement in all or in part or shall substitute to similar stock awards in all or in part, in accordance with the requirements of Section 409A of the Code; or

(ii) In the event any surviving corporation or acquiring corporation does not assume or continue the Option or substitute to similar awards, then: (A) all unvested Shares covered by the Option shall expire, and (B) vested Shares covered by the Option shall terminate if not exercised at or prior to such Change in Control; or

(iii) The Corporation may, in its sole discretion, accelerate the vesting, partially or in full, of Shares covered by the Option as the Corporation may determine to be appropriate prior to such events; or

(iv) In the event of a Change in Control under the terms of which holders of Shares will receive upon consummation thereof a cash payment for each share surrendered in the Change in Control (the "**Acquisition Price**"), the Optionee shall be provided a cash payment with respect to each vested Option held by the Optionee equal to (A) the number of Shares subject to the vested Option (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such Change in Control multiplied by (B) the excess, if any, of (I) the Acquisition Price over (II) the Exercise Price and any applicable tax withholdings, in exchange for the termination of such Awards.

(b) Upon the occurrence of a Change in Control, the repurchase and other rights of the Corporation with respect to outstanding Restricted Stock shall inure to the benefit of the Corporation's successor and shall, unless the determines otherwise, apply to the cash, securities or other property that the Shares were converted into or exchanged for pursuant to such Change in Control in the same manner and to the same extent as they applied to the Restricted Stock; provided, however, that the Corporation may provide for termination or deemed satisfaction of repurchase or other rights under this Agreement evidencing any Restricted Stock or any other agreement between the Optionee and the Corporation, either initially or by amendment.

(c) Notwithstanding the above, in case of Change in Control and in the event all or substantially all of the shares of the Corporation are to be exchanged for securities of another company, then the Optionee shall be obliged to sell or exchange, as the case may be, any shares the Optionee holds or purchased under this Agreement, in accordance with the instructions issued by the Corporation, whose determination shall be final.

(d) Notwithstanding the above, the Corporation may, in its sole discretion, decide other terms regarding the treatment of the outstanding Option Shares in case of Change in Control.

11. Restrictions. The Optionee, by acceptance hereof, represents and warrants as follows:

(a) The Option and the right to purchase Shares hereunder is personal to the Optionee and shall not be transferred to any other person, other than (i) by will or the laws of descent and distribution, or (ii) pursuant to a qualified domestic relations order as defined by the Code, or Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or by the rules thereunder. This Option shall not be collaterally assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of the Option or of any rights granted hereunder contrary to the provisions of this Section 11, or the levy of any attachment or similar process upon the Option or such right, shall be null and void. Notwithstanding the foregoing, the Optionee may, by delivering notice to the Corporation, in a form satisfactory to the Corporation, designate a third party who, in the event of the death of the Optionee, shall thereafter be entitled to exercise the Option.

(b) The Optionee has been advised and understands that the Option has been issued in reliance upon exemptions from registration under the Securities Act and applicable state statutes; the Shares have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**") or applicable state statutes and must be held and may not be sold, transferred, or otherwise disposed of for value unless they are subsequently registered under the Securities Act or an exemption from such registration is available, except as set forth herein; the Corporation is under no obligation to register the Option or the Shares under the Securities Act or the applicable state statutes; in the absence of such registration, the sale of the Shares may be practicably impossible; the Shares will bear on its face a legend in substantially the following form restricting the sale of the Shares:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144 PROMULGATED UNDER THE SECURITIES ACT. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD OR TRANSFERRED WITHOUT COMPLYING WITH RULE 144 IN THE ABSENCE OF EFFECTIVE REGISTRA TION OR OTHER COMPLIANCE UNDER THE SECURITIES ACT.
>
> THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFERABILITY AS SET FORTH IN A STOCK OPTION AGREEMENT, A COPY OF WHICH IS ON FILE WITH THE RECORDS OF THE CORPORATION.

(c) Regardless of whether the offering and sale of Shares have been registered under the Securities Act or have been registered or qualified under the securities laws of any state, the Corporation at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) ("**Restricted Stock**") if, in the judgment of the Corporation, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any state or any other law.

12. Shareholder's Rights. This Option is non-transferable by the Optionee, except in the event of the Optionee's death as provided in Section 16 hereof and during the Optionee's lifetime is exercisable only by the Optionee except as provided in Section 15 hereof. The Optionee shall have no rights as a shareholder with respect to any Shares covered by the Option until exercise of the Option pursuant to this Agreement and delivery to the Optionee of the Shares as provided herein.

13. Right of First Refusal.

(a) Notwithstanding anything to the contrary in the Certificate of Incorporation and the By-Laws of the Corporation, the Optionee shall not have a right of first refusal or preemptive right in relation with any sale of shares in the Corporation.

(b) Sale of Shares by the Optionee shall be subject to the right of first refusal of other shareholders as set forth in the Certificate of Incorporation and/or the By-Laws of the Corporation.

(c) The Corporation may refuse to approve the transfer of Shares to any competitor of the Corporation or to any other person or entity the Corporation determines, in its discretion, may be detrimental to the Corporation.

14. Termination of Continuous Service. In the event an Optionee's Continuous Service terminates (other than upon the Optionee's death or Disability or as a result of termination for Cause), and unless otherwise specified in this Agreement, the Optionee may exercise the Option (to the extent that the Optionee was entitled to exercise the Option as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Optionee's Continuous Service, or (ii) the expiration of the term of the Option as set forth in Section 5 of this Agreement. If, after termination of Continuous Service, the Optionee does not exercise his Option within the time periods specified in this Section 14, the Option shall terminate.

15. Disability of Optionee. In the event that the Optionee's Continuous Service terminates as a result of the Optionee's Disability, the Optionee may exercise his Option (to the extent that the Optionee was entitled to exercise such Option as of the date of termination), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination or (ii) the expiration of the term of the Option as set forth in this Agreement. If, after termination, the Optionee does not exercise his Option within the time specified herein, the Option shall terminate.

16. Death of Optionee**.** Unless otherwise provided in this Agreement, in the event (i) the Optionee's Continuous Service terminates as a result of the Optionee's death or (ii) the Optionee dies within three (3) months after the termination of the Optionee's Continuous Service, then the Option may be exercised (to the extent the Optionee was entitled to exercise such Option as of the date of death) by the Optionee's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the Option upon the Optionee's death pursuant to Section 11(a), but only within the period ending on the earlier of (A) the date twelve (12) months following the date of death or (B) the expiration of the term of the Option as set forth in this Agreement. If, after death, the Option is not exercised within the time specified herein, the Option shall terminate.

17. Termination of Continuous Service for Cause**.** Notwithstanding Sections 14-16 above, in the event of termination of Optionee's employment with the Corporation or any of its Affiliates, or if applicable, the termination of services given to the Corporation or any of its Affiliates by consultants or member of the Board of the Company or any of its Affiliates for Cause, all outstanding Option awards granted to the Optionee hereunder (whether vested or not) will immediately expire and terminate on the date of such termination and the Optionee shall not have any right in connection to the outstanding Option, unless otherwise determined by the Corporation.

18. Compliance with Laws. Notwithstanding the foregoing, in no event shall the Optionee be permitted to exercise an Option in a manner that the Corporation determines would violate the Sarbanes-Oxley Act of 2002, if applicable, or any other applicable law or the applicable rules and regulations of the Securities and Exchange Commission or the applicable rules and regulations of any securities exchange, inter-dealer quotation system or other recognized securities quotation system on which the securities of the Corporation are listed, quoted or traded.

19. Investment Assurances. The Corporation may require the Optionee, as a condition of exercising or acquiring Shares under this Agreement: (i) to give assurances satisfactory to the Corporation as to the Optionee's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Corporation who is knowledgeable and experienced in financial and business matters and that the Optionee is capable of evaluating, alone or together with the Optionee's representative, the merits and risks of exercising the Option; and (ii) to give assurances satisfactory to the Corporation stating that the Optionee is acquiring Shares subject to the Option for the Optionee's own account and not with any present intention of selling or otherwise distributing the Shares. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (A) the issuance of the Shares upon the exercise of the Option has been registered under a then currently effective registration statement under the Securities Act or (B) as to any particular requirement, a determination is made by counsel for the Corporation that such requirement need not be met in the circumstances under the then applicable securities laws. The Corporation may, upon advice of counsel to the Corporation, place legends on stock certificates as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Shares.

20. Withholding Obligations. The Corporation or any Affiliate may take such action as it may deem necessary or appropriate, in its discretion, for the purpose of or in connection with withholding of any taxes that the Corporation or Affiliate is required by any applicable law to withhold in connection with the Option (collectively, "**Withholding Obligations**"). Such actions may include, without limitation: (i) requiring the Optionee to remit to the Corporation in cash an amount sufficient to satisfy such Withholding Obligations; (ii) subject to applicable law, allowing the Optionee to provide Shares to the Corporation, in an amount that at such time, reflects a value that the Corporation determines to be sufficient to satisfy such Withholding Obligations; (iii) withholding Shares otherwise issuable upon the exercise of the Option at a value that is determined by the Corporation to be sufficient to satisfy such Withholding Obligations; or (iv) any combination of the foregoing. The Corporation shall not be obligated to allow the exercise of the Option by or on behalf of the Optionee until all tax consequences arising from the exercise of the Option are resolved in a manner acceptable to the Corporation.

21. Conditions on Delivery of Stock. The Corporation will not be obligated to deliver any Shares pursuant to this Agreement or to remove restrictions from Shares previously issued or delivered under this Agreement until (i) all conditions of this Agreement have been met or removed to the satisfaction of the Corporation, (ii) in the opinion of the Corporation's counsel, all other legal matters in connection with the issuance and delivery of the shares have been satisfied, including any applicable securities laws and regulations and any applicable rules and regulations of a national exchange or other recognized securities quotation system (such as the Nasdaq Stock Market/OTC Bulletin Board/OTCQB Market), on which the Shares are listed or admitted to trading and (iii) the Optionee has executed and delivered to the Corporation such representations or agreements as the Corporation may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

22. Tax Consequences.

(a) Any tax consequences arising from the grant, exercise or settlement of the Option, from the payment for Shares covered thereby or from any other event or act (of the Corporation and/or its Affiliates, or the Optionee) hereunder shall be borne solely by the Optionee. The Corporation and/or its Affiliates shall withhold taxes according to the requirements under the applicable laws, rules and regulations, including withholding taxes at the source. Furthermore, the Optionee shall agree to indemnify the Corporation and/or its Affiliates 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 Participant.

(b) The Corporation shall not be required to release any share certificate to the Optionee until all required payments have been fully made.

23. Notices. Any notice to be given to the Corporation shall be addressed to the Corporation in care of its Secretary at its principal office, and any notice to be given to the Optionee shall be addressed to him at the address given beneath his signature hereto or at such other address as the Optionee may hereafter designate in writing to the Corporation. Notice may be given by e-mail.

24. Choice of Law. This Agreement and all documents evidencing awards and all other related documents will be governed by, and construed in accordance with, the laws of the State of Delaware; *provided that* the tax treatment and the tax rules and regulations applying to a grant in any specific jurisdiction shall be the local tax laws of such jurisdiction in addition to the Federal income tax laws of the United States

25. No Guaranty. It is understood and agreed that nothing contained in this Agreement, nor any action taken by the Board, shall confer upon you any right with respect to the continuation of your services to the Corporation or any subsidiary, nor interfere in any way with the right of the Corporation or a subsidiary to terminate your services at any time.

26. Headings. The headings in this Agreement are for the purpose of reference only and shall not limit or otherwise affect the meaning of any provision of this Agreement.

27. Severability. If it is determined that any provision of this Agreement is invalid and unenforceable, the remaining provisions of this Agreement, as applicable, will continue in effect.

28. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall, for all purposes, be deemed to be an original and all of which together shall constitute one agreement. Facsimile signatures and those transmitted bye-mail or other electronic means shall have the same effect as originals.

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

DARIOHEALTH CORP.

By: /s/ Zvi Ben-David
Name: Zvi Ben-David
Title: Chief Financial Officer

OPTIONEE

By: /s/ Richard Anderson
Name: Richard Anderson

EXHIBIT A
Exercise Form

To: DarioHealth Corp. Dated: _____

The undersigned, pursuant to the provisions set forth in the Stock Option Agreement, dated as of February ___, 2020, a copy of which is attached hereto, hereby irrevocably elects to purchase _____ shares of Common Stock covered by the Option. The undersigned herewith makes payment of $_____ representing the full purchase price for such shares at the price per share provided for in such Stock Option Agreement. Such payment takes the form of $_____ in lawful money of the United States or delivery of shares of the Corporation's Common Stock in accordance with the terms of the attached Stock Option Agreement.

_____
Signature

_____
Print Name

_____

_____
Address

Exhibit 10.15

CONDITIONAL STOCK OPTION AGREEMENT

THIS CONDITIONAL STOCK OPTION AGREEMENT (the "**Agreement**") is made and entered into as of January 30, 2020, by and between DarioHealth Corp., a Delaware corporation (the "**Corporation**") and Richard Anderson (the "**Optionee**").

WHEREAS, the Optionee is a valued employee of the Corporation;

WHEREAS, the Corporation considers it desirable and in its best interests that Optionee be given an opportunity to acquire a proprietary option to purchase shares of Common Stock of the Corporation, par value $0.0001 per share (the "**Shares**").

NOW, THEREFORE, for good and valuable consideration, the adequacy of which is hereby acknowledged, and the mutual covenants hereinafter set forth, the parties agree as follows:

1. Definitions. The following capitalized terms have the following meanings. Other capitalized terms are defined elsewhere herein.

(a) "**Affiliate**" means (i) any person or entity that directly or indirectly controls, is controlled by or is under common control with the Corporation and/or (ii) to the extent provided by the Board, any person or entity in which the Corporation has a significant interest as determined by the Board in its discretion. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting or other securities, by contract or otherwise.

(b) "**Annual Revenues**" means the Corporation's annual consolidated revenues according to U.S. Generally Accepted Accounting Principles (GAAP).

(c) "**B2B Revenues**" means the Corporation's business to business revenues generated in the United States.

(d) "**Board**" means the Board of Directors of the Corporation.

(e) "**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City, New York are authorized or obligated by federal law or executive order to be closed.

(f) "**Cause**" means (i) conviction of, or plea of guilty or no contest to, any felony or any crime involving moral turpitude or dishonesty or the commission of any other act involving willful malfeasance or material fiduciary breach with respect to the Corporation or an Affiliate; (ii) participation in a fraud, misappropriation or embezzlement of Corporation and/or its Affiliate funds or property or act of dishonesty against the Corporation and/or its Affiliate; (iii) material violation of any rule, regulation, policy or plan for the conduct of (as the case may be) any director, officer, employee, member, manager, consultant or service provider of or to the Corporation or its Affiliates or its or their business (which, if curable, is not cured within five (5) Business Days after notice thereof is provided to the Optionee); (iv) conduct that results in or is reasonably likely to result in harm to the reputation or business of the Corporation or any of its Affiliates; (v) gross negligence or willful misconduct with respect to the Corporation or an Affiliate; (vi) material violation of U.S. state, federal or other applicable (including non-U.S.) securities laws; or (vii) material breach of Optionee's obligations under his employment agreement with the Corporation.

(g) "**Change of Control**" means: (i) an acquisition (whether directly from the Company or otherwise) of any voting securities of the Company (the "**Voting Securities**") by any "Person" (as the term person is used for purposes of Section 13(d) or 14(d) of the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**")), immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of the combined voting power of the Company's then outstanding Voting Securities; (ii) the individuals who constitute the members of the full Board cease, by reason of a financing, merger, combination, acquisition, takeover or other non-ordinary course transaction affecting the Company, to constitute at least fifty-one percent (51%) of the members of the full Board; or (iii) approval by the full Board and, if required, stockholders of the Company of, or execution by the Company of any definitive agreement with respect to, or the consummation of (it being understood that the mere execution of a term sheet, memorandum of understanding or other non-binding document shall not constitute a Change of Control): (A) a merger, consolidation or reorganization involving the Company, where either or both of the events described in clauses (i) or (ii) above would be the result; (B) a liquidation or dissolution of or appointment of a receiver, rehabilitator, conservator or similar person for, or the filing by a third party of an involuntary bankruptcy against, the Company;; or (C) an agreement for the sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a subsidiary of the Company).

(h) "**Continuous Service**" means that the Optionee's service with the Corporation or an Affiliate, whether as an employee, member of the Board or consultant, is not interrupted or terminated. The Optionee's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Optionee renders service to the Corporation or an Affiliate as an employee, consultant or member of the Board or a change in the entity for which the Optionee renders such service, *provided that* there is no interruption or termination of the Optionee's Continuous Service. For example, a change in status from an employee of the Corporation to a consultant of an Affiliate or a member of the Board will not constitute an interruption of Continuous Service. The Board or its delegate, in its sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave. relocation or any other personal or family leave of absence.

(i) "**Disability**" means that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment. The determination of whether an individual has a Disability shall be determined under procedures established by the Board. The Board may rely on any determination that the Optionee is disabled for purposes of benefits under any long-term disability plan maintained by the Corporation or any Affiliate in which the Optionee participates.

(j) "**Fair Market Value**" means, as of any date, the value of the Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange or a national market system, including without limitation, the New York Stock Exchange or the NASDAQ Stock Market, or quoted on a national exchange or other recognized securities quotation system (such as the Nasdaq Stock Market/OTC Bulletin Board/OTCQB Market), the Fair Market Value of a share of Common Stock shall be the closing sales price for such stock as quoted on such exchange, market or quotation system (or the exchange or market with the greatest volume of trading in the Common Stock) on the last market trading day prior to the day of determination (or the closing price on the date immediately preceding such date if no sales activity occurred on the day of determination), as reported by Bloomberg or such other source as the Board deems reliable, and (ii) in the absence of such markets for the Common Stock, the Fair Market Value shall be determined in good faith and in accordance with applicable law by the Board and such determination shall be conclusive and binding.

(k) "**Grant Date**" means, for each Vested Option's relevant fiscal year, the date on which the Corporation files its annual report on Form 10-K with the Securities and Exchange Commission.

(l) "**Restricted Stock**" has the meaning ascribed to it in Section 11(c) of this Agreement.

(m) "**Threshold**" means the Company reaching Annual Revenues in each fiscal year as follows: (i) for the year 2020 - $11 million, (ii) for the year 2021 - $19.5 million, (iii) for the year 2022 - $38 million, and (iv) for the year 2023 - $62 million.

2. Grant of Conditional Options. The Corporation hereby grants to the Optionee the right and option to purchase up to an aggregate of Twenty Two Thousand Five Hundred (22,500) Shares (subject to adjustment as provided in Paragraph 6 hereof) with respect to each relevant fiscal year, on the terms and conditions set forth herein (each a "**Vested Option**" and together the "**Options**") only if (i) the Annual Revenues reach or exceed the Threshold for the relevant fiscal year, and (ii) the B2B Revenues reaching the following amounts: (a) for the year 2020 - $6 million, (b) for the year 2021 - $15 million, (c) for the year 2022 - $40 million, and (d) for the year 2023 - $80 million. However, the Optionee will be entitled to receive the number of Vested Option Shares prorated at the same rate (for example, if the actual annual B2B Revenues are 60% of the applicable annual B2B Revenues target, the grant will amount to 13,500 Options). In no event shall the total number of Shares granted under this Agreement exceed Ninety Thousand (90,000). The Optionee acknowledges that the Option will not be an "incentive option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "**Code**"). This Option is **not** being issued pursuant to the Corporation's 2012 Equity Incentive Plan; provided, however, that this Option is granted as a material inducement to employment in accordance with Nasdaq Listing Rule 5635(c)(4).

3. Exercise of Options. The Vested Option Shares shall be exercisable at a price per share of $8.41 (subject to adjustment as provided for herein) (the "**Exercise Price**").

4. Vesting of Options. One third of each Vested Option shall vest on the first anniversary from the Grant Date followed by eight (8) equal installment over the two years following the first anniversary of the Grant Date, subject to acceleration as provided below. For purposes of calculating the number of shares that shall vest on each vesting date, any resulting fraction of a share shall be rounded up to the nearest full share. Subject to applicable law, the Board, in its sole discretion, shall have the power to accelerate the time at which a Vested Option may first be exercised or the time during which the Vested Option or any part thereof will vest.

5. Term of the Option. Each Vested Option shall expire on the six (6) year anniversary of the applicable Grant Date, or upon its earlier termination as provided in this Agreement.

6. Method of Exercising Option. The Optionee may exercise each Vested Option in whole or in part (to the extent that it is exercisable in accordance with its terms) by giving written notice to the Corporation in the form annexed hereto as **Exhibit A**, together with the tender of the full purchase price of the Shares covered by the Vested Option. The purchase price may consist of (i) cash, (ii) certified or bank check payable to the order of the Corporation in the amount of the purchase price, (iii) a cashless exercise procedure, consisting of authorization from the Optionee to the Corporation to retain from the total number of Shares as to which the Vested Option is exercised that number of Shares having a Fair Market Value (as defined below) on the date of the exercise equal to purchase price for the total number of Shares as to which the Vested Option is exercised, (iv) other property or consideration if the Board determines beneficial to the Corporation or (v) any combination of the methods described in (i) through (iv) above.

As soon as practicable after receipt by the Corporation of such notice and of payment in full of the purchase price of all the Shares with respect to which the Vested Option has been exercised, a certificate or certificates representing such Shares shall be issued in the name of the Optionee and shall be delivered to the Optionee. All Shares shall be issued only upon receipt by the Corporation of the Optionee's representation that the Shares are purchased for investment and not with a view toward distribution thereof.

7. Availability of Shares. The Corporation, during the term of this Agreement, shall keep available at all times the number of Shares required to satisfy the Options. The Corporation shall utilize its best efforts to comply with the requirements of each regulatory commission or agency having jurisdiction in order to issue and sell the Shares to satisfy the Options.

8. Adjustments. If prior to the exercise of any portion of the Options granted hereunder the Corporation shall have effected one or more stock splits, stock dividends, or other increases or reductions of the number of its Shares outstanding without receiving compensation therefor in money, services or property, the number of Shares subject to each Vested Option hereby granted shall (a) if a net increase shall have been effected in the number of outstanding the Corporation’s Shares, be proportionately increased and the purchase price of the Shares issuable upon exercise of the Vested Option shall be proportionately reduced; and (b) if a net reduction shall have been effected in the number of outstanding shares of the Corporation's Common Stock, be proportionately reduced and the purchase price of the Shares issuable upon exercise of the Vested Option shall be proportionately increased. In the event that the Corporation shall make any distribution of its assets upon or with respect to the Shares, as a liquidating dividend, the Optionee shall be entitled to receive an amount equal to the value thereof at the time of such distribution, less the aggregate purchase price for the Vested Option.

9. Dissolution or Liquidation. In the event of a dissolution or liquidation of the Corporation, the Corporation shall immediately notify the Optionee of such dissolution or liquidation. The Corporation may provide the Optionee thirty (30) days to exercise all or a portion of any outstanding vested Options held by him at that time, and upon the expiration of such thirty (30) day period, all remaining outstanding Options shall terminate immediately. Alternatively, the Corporation may provide that all or any portion of any vested Options shall convert into the right to receive liquidation proceeds (if applicable, net of the Exercise Price and any applicable tax withholdings).

10. Change in Control.

(a) In the event of a Change in Control, then, without the consent or action required of the Optionee:

(i) Any surviving corporation or acquiring corporation or any parent or affiliate thereof, as determined by the Corporation in its discretion, shall assume or continue any Options outstanding under this Agreement in all or in part or shall substitute to similar stock awards in all or in part, in accordance with the requirements of Section 409A of the Code; or

(ii) In the event any surviving corporation or acquiring corporation does not assume or continue the Options or substitute to similar awards, then: (A) all unvested Shares covered by the Options shall expire, and (B) vested Shares covered by the Options shall terminate if not exercised at or prior to such Change in Control; or

(iii) The Corporation may, in its sole discretion, accelerate the vesting, partially or in full, of Shares covered by the Options as the Corporation may determine to be appropriate prior to such events; or

(iv) In the event of a Change in Control under the terms of which holders of Shares will receive upon consummation thereof a cash payment for each share surrendered in the Change in Control (the "**Acquisition Price**"), the Optionee shall be provided a cash payment with respect to each vested Option held by the Optionee equal to (A) the number of Shares subject to the vested Options (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such Change in Control multiplied by (B) the excess, if any, of (I) the Acquisition Price over (II) the Exercise Price and any applicable tax withholdings, in exchange for the termination of such Awards.

(b) Upon the occurrence of a Change in Control, the repurchase and other rights of the Corporation with respect to outstanding Restricted Stock shall inure to the benefit of the Corporation's successor and shall, unless the determines otherwise, apply to the cash, securities or other property that the Shares were converted into or exchanged for pursuant to such Change in Control in the same manner and to the same extent as they applied to the Restricted Stock; provided, however, that the Corporation may provide for termination or deemed satisfaction of repurchase or other rights under this Agreement evidencing any Restricted Stock or any other agreement between the Optionee and the Corporation, either initially or by amendment.

(c) Notwithstanding the above, in case of Change in Control and in the event all or substantially all of the shares of the Corporation are to be exchanged for securities of another company, then the Optionee shall be obliged to sell or exchange, as the case may be, any shares the Optionee holds or purchased under this Agreement, in accordance with the instructions issued by the Corporation, whose determination shall be final.

(d) Notwithstanding the above, the Corporation may, in its sole discretion, decide other terms regarding the treatment of the outstanding Options Shares in case of Change in Control.

11. Restrictions. The Optionee, by acceptance hereof, represents and warrants as follows:

(a) The Options and the right to purchase Shares hereunder is personal to the Optionee and shall not be transferred to any other person, other than (i) by will or the laws of descent and distribution, or (ii) pursuant to a qualified domestic relations order as defined by the Code, or Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or by the rules thereunder. The Options shall not be collaterally assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of the Options or of any rights granted hereunder contrary to the provisions of this Section 11, or the levy of any attachment or similar process upon the Options or such right, shall be null and void. Notwithstanding the foregoing, the Optionee may, by delivering notice to the Corporation, in a form satisfactory to the Corporation, designate a third party who, in the event of the death of the Optionee, shall thereafter be entitled to exercise the Options.

(b) The Optionee has been advised and understands that the Options have been issued in reliance upon exemptions from registration under the Securities Act and applicable state statutes; the Shares have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**") or applicable state statutes and must be held and may not be sold, transferred, or otherwise disposed of for value unless they are subsequently registered under the Securities Act or an exemption from such registration is available, except as set forth herein; the Corporation is under no obligation to register the Options or the Shares under the Securities Act or the applicable state statutes; in the absence of such registration, the sale of the Shares may be practicably impossible; the Shares will bear on its face a legend in substantially the following form restricting the sale of the Shares:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144 PROMULGATED UNDER THE SECURITIES ACT. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD OR TRANSFERRED WITHOUT COMPLYING WITH RULE 144 IN THE ABSENCE OF EFFECTIVE REGISTRA TION OR OTHER COMPLIANCE UNDER THE SECURITIES ACT.
>
> THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFERABILITY AS SET FORTH IN A STOCK OPTION AGREEMENT, A COPY OF WHICH IS ON FILE WITH THE RECORDS OF THE CORPORATION.

(c) Regardless of whether the offering and sale of Shares have been registered under the Securities Act or have been registered or qualified under the securities laws of any state, the Corporation at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) ("**Restricted Stock**") if, in the judgment of the Corporation, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any state or any other law.

12. Shareholder's Rights. The Options is non-transferable by the Optionee, except in the event of the Optionee's death as provided in Section 16 hereof and during the Optionee's lifetime is exercisable only by the Optionee except as provided in Section 15 hereof. The Optionee shall have no rights as a shareholder with respect to any Shares covered by the Options until exercise of the Options pursuant to this Agreement and delivery to the Optionee of the Shares as provided herein.

13. Right of First Refusal.

(a) Notwithstanding anything to the contrary in the Certificate of Incorporation and the By-Laws of the Corporation, the Optionee shall not have a right of first refusal or preemptive right in relation with any sale of shares in the Corporation.

(b) Sale of Shares by the Optionee shall be subject to the right of first refusal of other shareholders as set forth in the Certificate of Incorporation and/or the By-Laws of the Corporation.

(c) The Corporation may refuse to approve the transfer of Shares to any competitor of the Corporation or to any other person or entity the Corporation determines, in its discretion, may be detrimental to the Corporation.

14. Termination of Continuous Service. In the event an Optionee's Continuous Service terminates (other than upon the Optionee's death or Disability or as a result of termination for Cause), and unless otherwise specified in this Agreement, the Optionee may exercise a Vested Option (to the extent that the Optionee was entitled to exercise the Vested Option as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Optionee's Continuous Service, or (ii) the expiration of the term of the Vested Option as set forth in Section 5 of this Agreement. If, after termination of Continuous Service, the Optionee does not exercise the Vested Option within the time periods specified in this Section 14, the Vested Option shall terminate.

15. Disability of Optionee. In the event that the Optionee's Continuous Service terminates as a result of the Optionee's Disability, the Optionee may exercise a Vested Option (to the extent that the Optionee was entitled to exercise such Vested Option as of the date of termination), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination or (ii) the expiration of the term of the Vested Option as set forth in this Agreement. If, after termination, the Optionee does not exercise the Vested Option within the time specified herein, the Vested Option shall terminate.

16. Death of Optionee**.** Unless otherwise provided in this Agreement, in the event (i) the Optionee's Continuous Service terminates as a result of the Optionee's death or (ii) the Optionee dies within three (3) months after the termination of the Optionee's Continuous Service, then a Vested Option may be exercised (to the extent the Optionee was entitled to exercise such Vested Option as of the date of death) by the Optionee's estate, by a person who acquired the right to exercise the Vested Option by bequest or inheritance or by a person designated to exercise the Vested Option upon the Optionee's death pursuant to Section 11(a), but only within the period ending on the earlier of (A) the date twelve (12) months following the date of death or (B) the expiration of the term of the Vested Option as set forth in this Agreement. If, after death, the Option is not exercised within the time specified herein, the Vested Option shall terminate.

17. Termination of Continuous Service for Cause**.** Notwithstanding Sections 14-16 above, in the event of termination of Optionee's employment with the Corporation or any of its Affiliates, or if applicable, the termination of services given to the Corporation or any of its Affiliates by consultants or member of the Board of the Company or any of its Affiliates for Cause, all outstanding Option awards granted to the Optionee hereunder (whether vested or not) will immediately expire and terminate on the date of such termination and the Optionee shall not have any right in connection to the outstanding Options, unless otherwise determined by the Corporation.

18. Compliance with Laws. Notwithstanding the foregoing, in no event shall the Optionee be permitted to exercise a Vested Option in a manner that the Corporation determines would violate the Sarbanes-Oxley Act of 2002, if applicable, or any other applicable law or the applicable rules and regulations of the Securities and Exchange Commission or the applicable rules and regulations of any securities exchange, inter-dealer quotation system or other recognized securities quotation system on which the securities of the Corporation are listed, quoted or traded.

19. Investment Assurances. The Corporation may require the Optionee, as a condition of exercising or acquiring Shares under this Agreement: (i) to give assurances satisfactory to the Corporation as to the Optionee's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Corporation who is knowledgeable and experienced in financial and business matters and that the Optionee is capable of evaluating, alone or together with the Optionee's representative, the merits and risks of exercising the Options; and (ii) to give assurances satisfactory to the Corporation stating that the Optionee is acquiring Shares subject to the Options for the Optionee's own account and not with any present intention of selling or otherwise distributing the Shares. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (A) the issuance of the Shares upon the exercise of a Vested Option has been registered under a then currently effective registration statement under the Securities Act or (B) as to any particular requirement, a determination is made by counsel for the Corporation that such requirement need not be met in the circumstances under the then applicable securities laws. The Corporation may, upon advice of counsel to the Corporation, place legends on stock certificates as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Shares.

20. Withholding Obligations. The Corporation or any Affiliate may take such action as it may deem necessary or appropriate, in its discretion, for the purpose of or in connection with withholding of any taxes that the Corporation or Affiliate is required by any applicable law to withhold in connection with the Options (collectively, "**Withholding Obligations**"). Such actions may include, without limitation: (i) requiring the Optionee to remit to the Corporation in cash an amount sufficient to satisfy such Withholding Obligations; (ii) subject to applicable law, allowing the Optionee to provide Shares to the Corporation, in an amount that at such time, reflects a value that the Corporation determines to be sufficient to satisfy such Withholding Obligations; (iii) withholding Shares otherwise issuable upon the exercise of a Vested Option at a value that is determined by the Corporation to be sufficient to satisfy such Withholding Obligations; or (iv) any combination of the foregoing. The Corporation shall not be obligated to allow the exercise of a Vested Option by or on behalf of the Optionee until all tax consequences arising from the exercise of the Vested Option are resolved in a manner acceptable to the Corporation.

21. Conditions on Delivery of Stock. The Corporation will not be obligated to deliver any Shares pursuant to this Agreement or to remove restrictions from Shares previously issued or delivered under this Agreement until (i) all conditions of this Agreement have been met or removed to the satisfaction of the Corporation, (ii) in the opinion of the Corporation's counsel, all other legal matters in connection with the issuance and delivery of the shares have been satisfied, including any applicable securities laws and regulations and any applicable rules and regulations of a national exchange or other recognized securities quotation system (such as the Nasdaq Stock Market/OTC Bulletin Board/OTCQB Market), on which the Shares are listed or admitted to trading and (iii) the Optionee has executed and delivered to the Corporation such representations or agreements as the Corporation may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

22. Tax Consequences.

(a) Any tax consequences arising from the grant, exercise or settlement of the Options, from the payment for Shares covered thereby or from any other event or act (of the Corporation and/or its Affiliates, or the Optionee) hereunder shall be borne solely by the Optionee. The Corporation and/or its Affiliates shall withhold taxes according to the requirements under the applicable laws, rules and regulations, including withholding taxes at the source. Furthermore, the Optionee shall agree to indemnify the Corporation and/or its Affiliates 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 Participant.

(b) The Corporation shall not be required to release any share certificate to the Optionee until all required payments have been fully made.

23. Notices. Any notice to be given to the Corporation shall be addressed to the Corporation in care of its Secretary at its principal office, and any notice to be given to the Optionee shall be addressed to him at the address given beneath his signature hereto or at such other address as the Optionee may hereafter designate in writing to the Corporation. Notice may be given by e-mail.

24. Choice of Law. This Agreement and all documents evidencing awards and all other related documents will be governed by, and construed in accordance with, the laws of the State of Delaware; *provided that* the tax treatment and the tax rules and regulations applying to a grant in any specific jurisdiction shall be the local tax laws of such jurisdiction in addition to the Federal income tax laws of the United States

25. No Guaranty. It is understood and agreed that nothing contained in this Agreement, nor any action taken by the Board, shall confer upon you any right with respect to the continuation of your services to the Corporation or any subsidiary, nor interfere in any way with the right of the Corporation or a subsidiary to terminate your services at any time.

26. Headings. The headings in this Agreement are for the purpose of reference only and shall not limit or otherwise affect the meaning of any provision of this Agreement.

27. Severability. If it is determined that any provision of this Agreement is invalid and unenforceable, the remaining provisions of this Agreement, as applicable, will continue in effect.

28. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall, for all purposes, be deemed to be an original and all of which together shall constitute one agreement. Facsimile signatures and those transmitted bye-mail or other electronic means shall have the same effect as originals.

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

DARIOHEALTH CORP.

By: /s/ Zvi Ben-David
Name: Zvi Ben-David
Title: Chief Financial Officer

OPTIONEE

By: /s/ Richard Anderson
Name: Richard Anderson

EXHIBIT A
Exercise Form

To: DarioHealth Corp. Dated: _____

The undersigned, pursuant to the provisions set forth in the Stock Option Agreement, dated as of February ___, 2020, a copy of which is attached hereto, hereby irrevocably elects to purchase _____ shares of Common Stock covered by the Option. The undersigned herewith makes payment of $_____ representing the full purchase price for such shares at the price per share provided for in such Stock Option Agreement. Such payment takes the form of $_____ in lawful money of the United States or delivery of shares of the Corporation's Common Stock in accordance with the terms of the attached Stock Option Agreement.

_____
Signature

_____
Print Name

_____

_____
Address

Exhibit 10.16

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is made as of the __ day of _____, 2020, by and DarioHealth Corp., a Delaware corporation (the "Corporation"), and _____("Indemnitee"), a director and/or officer of the Corporation.

WHEREAS, it is essential to the Corporation to retain and attract as directors and officers the most capable persons available;

WHEREAS, it is the express policy of the Corporation to indemnify its directors and officers so as to provide them with the maximum possible protection permitted by law; and

WHEREAS, Indemnitee is a director or officer of the Corporation;

WHEREAS, both the Corporation and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of corporations;

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability and in order to induce Indemnitee to serve or continue to serve the Corporation, the Corporation wishes to provide Indemnitee with the benefits contemplated by this Agreement to the fullest extent permitted by law;

NOW THEREFORE, in consideration of the above premises and intending to be legally bound hereby, the parties agree as follows:

1. Agreement to Serve. Indemnitee agrees to serve or continue to serve as director and/or officer of the Corporation for so long as he is duly elected or appointed or until such time as he tenders his resignation in writing.

2. Definitions. As used in this Agreement:

(a) "Change in Control" means any of the following events: (i) an event occurring after the date hereof of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended ("Act"), whether or not the Corporation is then subject to such reporting requirement; (ii) any "person" (as such term is used in Sections 13(d) and 14(d) of the Act), other than a person who is an officer or director of the Corporation on March 20, 2017 (and any of such person's affiliates), is or becomes "beneficial owner" (as defined in Rule 13d-3 under the Act) directly or indirectly, of securities of the Corporation representing 35% or more of the combined voting power of the then outstanding securities of the Corporation; (iii) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, which would result in the voting securities of the Corporation outstanding immediately prior to such transaction or event to no longer represent (either by remaining outstanding or by being converted into voting securities of a surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of the surviving entity outstanding immediately after such transaction or event and to no longer have the power to elect at least a majority of the members of the Board of Directors ("Board") or other governing body of such surviving entity; (iv) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board; (v) the approval by the Corporation's stockholders of a sale or other disposition of all or substantially all of the assets of the Corporation; or (vi) a liquidation or dissolution of the Corporation.

(b) The term “Corporate Status” shall mean the status of a person who is or was a director and/or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(c) The term “Expenses” shall include, without limitation, attorneys’ fees, retainers, court costs (including trial and appeals), witness fees, transcript costs, fees of experts and other professionals, reasonable travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, bonds and all costs related thereto, any federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement, ERISA and employee benefit plan excise taxes and penalties and all other disbursements, obligations or expenses of the types customarily incurred in connection with or as a result of investigations, judicial or administrative proceedings or appeals, preparation in anticipation of a Proceeding, being or preparing to be a deponent or witness in, or otherwise participating in, a Proceeding, recovery under any directors' and officers' liability insurance policies maintained by the Corporation, the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, or the Indemnitee’s rights to indemnification or advancement of expenses under the Certificate of Incorporation or Bylaws, but shall not include the amount of judgments, fines or penalties against Indemnitee or amounts paid in settlement in connection with such matters.

(d) The term “Independent Counsel” shall mean an attorney selected by Indemnitee and approved and appointed by a majority vote of a quorum consisting of Disinterested Directors, as defined in Paragraph 9. Notwithstanding the foregoing, the term “Independent Counsel” does not include any person who (i) under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or Indemnitee in an action to determine Indemnitee’s rights under this Agreement or (ii) was otherwise retained to represent the Corporation, the Indemnitee or any other party to the Proceeding giving rise to a claim for indemnification hereunder in the prior three (3) years.

(e) References to “other enterprise” shall include employee benefit plans; references to “fines” shall include any excise tax assessed with respect to any employee benefit plan; references to “serving at the request of the Corporation” shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Agreement.

(f) The term “Proceeding” shall include any threatened, pending or completed action, suit or proceeding, claim, counterclaim, arbitration, mediation, alternate dispute resolution mechanism, investigation (formal or informal), inquiry and administrative hearing, whether brought by or in the right of the Corporation or otherwise and whether of a civil, criminal, administrative or investigative nature, and any appeal therefrom.

3. Indemnification in Third-Party Proceedings. The Corporation shall indemnify Indemnitee in accordance with the provisions of this Paragraph 3 if Indemnitee was or is a party to or threatened to be made a party to or otherwise involved in any Proceeding (other than a Proceeding by or in the right of the Corporation to procure a judgment in its favor) by reason of Indemnitee's Corporate Status or by reason of any action alleged to have been taken or omitted in connection therewith, against all Expenses, judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding, if Indemnitee acted in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation and, with respect to any criminal Proceeding, had no reasonable cause to believe that Indemnitee's conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation and, with respect to any criminal Proceeding, had reasonable cause to believe that Indemnitee's conduct was unlawful.

4. Indemnification in Proceedings by or in the Right of the Corporation. The Corporation shall indemnify Indemnitee in accordance with the provisions of this Paragraph 4 if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any Proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of Indemnitee's Corporate Status or by reason of any action alleged to have been taken or omitted in connection therewith, against all Expenses and, to the extent permitted by law, judgment, fines, penalties and amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding, if Indemnitee acted in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests or the Corporation, except that no indemnification shall be made under this Paragraph 4 in respect to any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Corporation, unless and only to the extent that a court of proper jurisdiction shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such Expenses as such court shall deem proper.

5. Exceptions to Right of Indemnification. Notwithstanding anything to the contrary in this Agreement, except as set forth in Paragraph 10, the Corporation shall not indemnify Indemnitee in connection with a Proceeding (or part thereof) initiated by Indemnitee unless (i) the initiation thereof was approved by the Board of Directors of the Corporation; or (ii) the Proceeding is instituted after a Change in Control. Notwithstanding anything to the contrary in this Agreement, the Corporation shall not indemnify Indemnitee to the extent Indemnitee is reimbursed from the proceeds of insurance, and in the event the Corporation makes any indemnification payments to Indemnitee and Indemnitee is subsequently reimbursed from the proceeds of insurance, Indemnitee shall promptly refund such indemnification payments to the Corporation to the extent of such insurance reimbursement.

6. Indemnification of Expenses. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful, on the merits or otherwise, in defense of any Proceeding or in defense of any claim, issue or matter therein, Indemnitee shall be indemnified against all Expenses incurred by Indemnitee or on Indemnitee's behalf in connection therewith. Without limiting the foregoing, if any Proceeding or any claim, issue or matter therein is disposed of, on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to the Indemnitee, (ii) an adjudication that the Indemnitee was liable to the Corporation, (iii) a plea of guilty or nolo contendere by the Indemnitee, (iv) an adjudication that the Indemnitee did not act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and (v) with respect to any criminal proceeding, an adjudication that the Indemnitee had reasonable cause to believe his conduct was unlawful, Indemnitee shall be considered for the purposes hereof to have been wholly successful with respect thereto. In addition, notwithstanding any other provision contained in this Agreement, to the extent that Indemnitee is or is asked to be made, by reason of his Corporate Status, a witness to any Proceeding, is or was asked or required to respond to discovery requests in any Proceeding, or is or was otherwise asked to participate in any aspect of a Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified and held harmless from all Expenses actually and reasonably incurred by Indemnitee in connection therewith.

7. Notification and Defense of Claim. As a condition precedent to Indemnitee's right to be indemnified, Indemnitee agrees to notify the Corporation in writing as soon as reasonably practicable of any Proceeding for which indemnity will or could be sought by Indemnitee and provide the Corporation with a copy of any summons, citation, subpoena, complaint, indictment, information or other document relating to such Proceeding with which Indemnitee is served; provided, however, that the failure to give such notice shall not relieve the Corporation of its obligations to Indemnitee under this Agreement, except to the extent, if any, that the Corporation is actually prejudiced by the failure to give such notice. With respect to any Proceeding of which the Corporation is so notified, the Corporation will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to Indemnitee. After notice from the Corporation to Indemnitee of its election so to assume such defense, the Corporation shall not be liable to the Indemnitee for any legal or other expenses subsequently incurred by the Indemnitee in connection with such Proceeding, other than as provided below in this Paragraph 7. Indemnitee shall have the right to employ Indemnitee's own counsel in connection with such Proceeding, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Corporation, (ii) counsel to Indemnitee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and Indemnitee in the conduct of the defense of such Proceeding, (iii) after a Change in Control, Indemnitee's employment of its own counsel has been approved by the Independent Counsel, or (iv) the Corporation shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which cases the fees and expenses of counsel for Indemnitee shall be at the expense of the Corporation, except as otherwise expressly provided by this Agreement. The Corporation shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Corporation or as to which counsel for Indemnitee shall have reasonably made the conclusion provided for in clause (ii) above. The Corporation shall not be required to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without its written consent, *provided, however*, that if a Change in Control has occurred, the Corporation shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement. The Corporation shall not settle any Proceeding in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Corporation nor the Indemnitee will unreasonably withhold its consent to any proposed settlement.

8. Advancement of Expenses. Any Expenses incurred by Indemnitee, or on behalf of an Indemnitee, in connection with any such Proceeding to which Indemnitee was or is a witness or a party or is threatened to be a party by reason of his Corporate Status or by reason of any action alleged to have been taken or omitted in connection therewith shall be paid by the Corporation in advance of the final disposition of such matter; provided, however, that the payment of such Expenses incurred by the Indemnitee in advance of the final disposition of such matter shall be made only upon receipt of an undertaking by or on behalf of the Indemnitee to repay all amounts so advanced in the event that it shall ultimately be determined that the Indemnitee is not entitled to be indemnified by the Corporation as authorized in this Agreement; and further provided that no such advancement of Expenses shall be made if it is determined that (i) Indemnitee did not act in good faith and in a manner Indemnitee reasonably believes to be in, or not opposed to, the best interests of the Corporation, or (ii) with respect to any criminal action or proceeding, the Indemnitee had reasonable cause to believe Indemnitee's conduct was unlawful. Such undertaking shall be accepted without reference to the financial ability of Indemnitee to make such repayment. If, pursuant to the terms of this Agreement, Indemnitee is not entitled to be indemnified with respect to such Proceeding, then such Expenses shall be paid within 60 days after the receipt by Indemnitee of the written request by the Corporation for the Indemnitee to make payments to the Corporation. Any such Expenses advanced to Indemnitee pursuant to this Paragraph 8 shall be unsecured and interest free.

9. Procedure for Indemnification; Contribution.

(a) In order to obtain indemnification pursuant to Paragraphs 3, 4, 6 or 8 of this Agreement, Indemnitee shall submit to the Corporation a written request, including in such request such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification or advancement of Expenses. Any such indemnification or advancement of Expenses shall be made promptly, and in any event within 30 days after receipt by the Corporation of the written request of the Indemnitee, unless with respect to requests under Paragraphs 3 or 4 the Corporation determines within such 30-day period that such Indemnitee did not meet the applicable standard of conduct set forth in Paragraphs 3 or 4, as the case may be. Such determination, and any determination pursuant to Paragraph 8 that advanced Expenses must be repaid to the Corporation, shall be made in each instance (a) by a majority vote of the directors of the Corporation consisting of persons who are not at that time parties to the Proceeding ("Disinterested Directors"), whether or not a quorum, (b) by a committee of Disinterested Directors designated by majority vote of Disinterested Directors, whether or not a quorum, (c) if there are no Disinterested Directors, or if Disinterested Directors so direct, by independent legal counsel (who may, to the extent permitted by applicable law, be regular legal counsel to the Corporation) in a written opinion or (d) by the stockholders.

(b) (i) If a determination is made that Indemnitee is not entitled to indemnification, after Indemnitee submits a written request therefor, under this Agreement, then in respect of any threatened, pending or completed Proceeding in which the Corporation is jointly liability with the Indemnitee (or would be if joined in such Proceeding), the Corporation shall contribute to the amount of Expenses, judgments, fines, penalties, excise taxes and amounts paid in settlement by the Indemnitee in such proportion as is appropriate to reflect (i) the relative benefits received by the Corporation on the one hand and the Indemnitee on the other hand from the transaction from which the Proceeding arose, and (ii) the relative fault of the Corporation on the one hand and of the Indemnitee on the other hand in connection with the events that resulted in such Expenses, judgments, fines, penalties, excise taxes or amounts paid in settlement, as well as any other relevant equitable considerations. The relative fault of the Corporation on the one hand and of the Indemnitee on the other hand shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such Expenses, judgments, fines, penalties, excise taxes or amounts paid in settlement. The Corporation agrees that it would not be just and equitable if contribution pursuant to this Section were determined by pro rata allocation or any other method of allocation that does not take into account the foregoing equitable considerations.

(ii) The determination as to the amount of the contribution, if any, shall be made by: (A) a court of competent jurisdiction upon the applicable of both the Indemnitee and the Corporation (if the Proceeding had been brought in, and final determination had been rendered by such court); (B) the Board by a majority vote of a quorum consisting of Disinterested Directors; or (C) Independent Counsel, if a quorum is not obtainable for purpose of (B) above, or, even if obtainable, a quorum of Disinterested Directors so directs.

10. Remedies. The right to indemnification and immediate advancement of Expenses as provided by this Agreement shall be enforceable by the Indemnitee in any court of competent jurisdiction. Unless otherwise required by law, the burden of proving that indemnification is not appropriate shall be on the Corporation. Neither the failure of the Corporation to have made a determination prior to the commencement of such action that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation pursuant to Paragraph 9 that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct. Indemnitee's expenses (of the type described in the definition of "Expenses" in Paragraph 2 (c)) reasonably incurred in connection with successfully establishing Indemnitee's right to indemnification, in whole or in part, in any such Proceeding also shall be indemnified by the Corporation.

11. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Corporation for some or a portion of the Expenses, judgments, fines penalties or amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify Indemnitee for the portion of such Expenses, judgments, fines, penalties or amounts paid in settlement to which Indemnitee is entitled.

12. Establishment of Trust. In the event of a Change in Control, the Corporation shall, upon written request by Indemnitee, create a trust for the benefit of Indemnitee and from time to time upon written request of Indemnitee shall fund the trust in an amount sufficient to satisfy any and all claims hereunder, including Expenses, reasonably anticipated at the time of each such request to be incurred in connection with investigating, preparing for, participating in, or defending any Proceeding as described in Paragraphs 3 and 4. The amount or amounts to be deposited in the trust pursuant to the foregoing funding obligation shall be determined by the Independent Counsel. The terms of the trust shall provide that upon a Change in Control, (i) the trust shall not be revoked or the principal thereof invaded, without the written consent of Indemnitee, (ii) the trustee shall advance, within ten (10) business days of a request by Indemnitee, any and all Expenses to Indemnitee, (iii) the trust shall continue to be funded by the Corporation in accordance with the funding obligation set forth above, (iv) the trustee shall promptly pay to Indemnitee all amounts for which Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise, and (v) all unexpended funds in the trust shall revert to the Corporation upon a final determination by the Independent Counsel or a court of competent jurisdiction, as the case may be, that Indemnitee has been fully indemnified under the terms of this Agreement. The trustee shall be chosen by Indemnitee. Nothing in this Paragraph 12 shall relieve the Corporation of any of its obligations under this Agreement. All income earned on the assets held in the trust shall be reported as income by the Corporation for federal, state, local, and foreign tax purposes. The Corporation shall pay all costs of establishing and maintaining the trust and shall indemnify the trustee against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the establishment and maintenance of the trust.

13. Subrogation. In the event of any payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights.

14. Term of Agreement. This Agreement shall continue until and terminate upon the later of (a) six years after the date that Indemnitee shall have ceased to serve as a director or officer of the Corporation or, at the request of the Corporation, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise; (b) the expiration of all applicable statute of limitations periods for any claim which may be brought against Indemnitee in a Proceeding as a result of his Corporate Status; or (c) the final termination of all Proceedings, or any right to appeal such Proceedings, that are pending on the date set forth in clauses (a) or (b) in respect of which Indemnitee may be granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Paragraph 10 of this Agreement relating thereto.

15. Indemnification Hereunder Not Exclusive. The indemnification and advancement of Expenses provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may be entitled under the Articles of Incorporation, the By-Laws, any agreement, any vote of stockholders or disinterested directors, the applicable law of the State of Delaware, and any other law (common or statutory) or otherwise, both as to action in Indemnitee's official corporate capacity and as to action in another capacity while holding office for the Corporation. Nothing contained in this Agreement shall be deemed to prohibit the Corporation from purchasing and maintaining insurance, at its expense, to protect itself or the Indemnitee against any expense, liability or loss incurred by it or Indemnitee in any such capacity, or arising out of Indemnitee's status as such, whether or not Indemnitee would be indemnified against such expense, liability or loss under this Agreement; provided that the Corporation shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise, including as provided in Paragraph 5 hereof.

16. No Special Rights. Nothing herein shall confer upon Indemnitee any right to continue to serve as a director or officer of the Corporation for any period of time or, except as expressly provided herein, at any particular rate of compensation.

17. Savings Clause. If this Agreement or any portion thereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify Indemnitee as to Expenses, judgments, fines, penalties and amounts paid in settlement with respect to any Proceeding to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated and to the fullest extent permitted by applicable law.

18. Counterparts; Facsimile Signatures. This Agreement may be executed in two counterparts, both of which together shall constitute the original instrument. This Agreement may be executed by facsimile signatures.

19. Successors and Assigns. This Agreement shall be binding upon the Corporation and its successors and assigns and shall inure to the benefit of the estate, heirs, executors, administrators and personal representatives of Indemnitee.

20. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

21. Modification and Waiver. This Agreement may be amended from time to time to reflect changes in applicable law or for other reasons. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof nor shall any such waiver constitute a continuing waiver.

22. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been given (i) when delivered by hand or (ii) if mailed by certified or registered mail with postage prepaid, on the third day after the date on which it is so mailed:

(a) if to the Indemnitee, to:

(b) if to the Corporation, to:

8 HaTokhen Street,
Caesarea North Industrial Park,
3088900 Israel
Attention: Erez Raphael, Chief Executive Officer
Email: erez@mydario.com

or to such other address as may have been furnished to Indemnitee by the Corporation or to the Corporation by Indemnitee, as the case may be.

23. Applicable Law. This Agreement is governed by and is to be construed in accordance with the laws of the State of Delaware without giving effect to any provisions thereof relating to conflict of laws.

24. Enforcement. The Corporation expressly confirms and agrees that it has entered into this Agreement in order to induce Indemnitee to continue to serve as director and/or officer of the Corporation and acknowledges that Indemnitee is relying upon this Agreement in continuing in such capacity.

25. Insurance. The Corporation shall maintain an insurance policy or policies providing liability insurance for directors, officers, employees, agents or fiduciaries of the Corporation or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Corporation, and Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee, agent or fiduciary under such policy or policies.

[remainder of page intentionally left blank]

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

DARIOHEALTH CORP.

Name: _____
Title:

INDEMNITEE

Name: _____

Exhibit 21.1

Subsidiaries of the Registrant

Labstyle Innovation Ltd., an Israeli company ("Labstyle Israel")

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-8 (File No. 333-235531 and 333-236271) and the Registration Statements on Form S-3 (File No. 333-229259) of DarioHealth Corp. ("the Company"), of our report dated March 16, 2020 with respect to the consolidated financial statements of the Company and its subsidiary included in this Annual Report on Form 10-K for the year ended December 31, 2019.

Tel-Aviv, Israel
March 16, 2020

/s/ Kost Forer Gabbay & Kasierer
A Member of Ernst & Young Global

Exhibit 31.1

CERTIFICATION
OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) AND 15D-14(A)
UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Erez Raphael, certify that:

1. I have reviewed this Annual Report on Form 10-K of DarioHealth Corp. (the "Registrant");

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(s) 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 13-a13a-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(s) 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: March 16, 2020

/s/ Erez Raphael
Erez Raphael
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION
OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) AND 15D-14(A)
UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Zvi Ben David, certify that:

1. I have reviewed this Annual Report on Form 10-K of DarioHealth Corp. (the "Registrant");

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(s) 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 13-a13a-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(s) 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: March 16, 2020

/s/ Zvi Ben David
Zvi Ben David
Chief Financial Officer, Secretary and Treasurer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION
OF PRINCIPAL EXECUTIVE OFFICER AND
PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U. S. C. SECTION 1350,

In connection with the Annual Report of DarioHealth Corp. (the "Company") on Form 10-K for the period ended December 31, 2019 (the "Report"), I, Erez Raphael, Chief Executive Officer of the Company, and I, Zvi Ben David, Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, that to 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.

Date: March 16, 2020

/s/ Erez Raphael
Erez Raphael
Chief Executive Officer
(Principal Executive Officer)

Date: March 16, 2020

/s/ Zvi Ben David
Zvi Ben David
Chief Financial Officer, Secretary and Treasurer
(Principal Financial Officer)